

QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT  
for

Contra Costa County  
Employees' Retirement  
Association

FOR THE PERIOD ENDING  
*March 31, 2012*

---

May 14, 2012

© 2012, Milliman

650 California Street, 17<sup>th</sup> Floor  
San Francisco, CA 94108

Tel: (415) 403-1333  
Fax: (415) 986-2777

## TABLE OF CONTENTS

MARKET OVERVIEW.....	1
KEY POINTS.....	2
WATCH LIST.....	3
SUMMARY.....	4
ASSET ALLOCATION.....	8
CUMULATIVE PERFORMANCE STATISTICS.....	12
CLOSED END FUNDS INTERNAL RATE OF RETURN (IRR).....	15
AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS.....	16
YEAR BY YEAR PERFORMANCE STATISTICS.....	18
TOTAL FUND PERFORMANCE.....	22
MANAGER COMMENTS – DOMESTIC EQUITY.....	26
Delaware.....	26
Emerald.....	28
Intech - Enhanced Plus.....	30
Intech - Large Cap Core.....	32
PIMCO StocksPLUS.....	34
Robeco.....	36
Ceredex - Small Cap Value.....	38
Wentworth, Hauser and Violich.....	40
Total Domestic Equity.....	43
Domestic Equity Performance and Variability.....	44
Domestic Equity Style Map.....	47
PORTFOLIO PROFILE REPORT.....	48
MANAGER COMMENTS – INTERNATIONAL EQUITY.....	54
Grantham, Mayo, van Otterloo & Co.....	54
William Blair.....	56
Total International Equity.....	59
MANAGER COMMENTS – GLOBAL EQUITY.....	60
J.P. Morgan Global Opportunities.....	60
First Eagle.....	62
Tradewinds.....	64
MANAGER COMMENTS – FIXED INCOME.....	68
AFL-CIO Housing Investment Trust.....	68
Allianz Global Investors.....	70
Goldman Sachs – Core Plus.....	72
Workout Portfolio - Managed by Goldman Sachs.....	74
Lord Abbett.....	76
PIMCO Core Plus.....	78
Torchlight II.....	80
Torchlight III.....	82
Total Domestic Fixed Income.....	85
Domestic Fixed Income Performance and Variability.....	86
MANAGER COMMENTS – GLOBAL FIXED INCOME.....	88
Lazard Asset Management.....	88
MANAGER COMMENTS – REAL ESTATE.....	90
Adelante Capital Management.....	90
DLJ Real Estate Capital Partners II.....	90
DLJ Real Estate Capital Partners III.....	90
DLJ Real Estate Capital Partners IV.....	91
Long Wharf US Growth Fund II.....	91
Long Wharf US Growth Fund III.....	92

Hearthstone I.....	92
Invesco Real Estate Fund I.....	93
Invesco Real Estate Fund II.....	93
Oaktree Real Estate Opportunities Fund V.....	93
Total Real Estate Diversification.....	94
<b>MANAGER COMMENTS - ALTERNATIVE INVESTMENTS</b> .....	<b>95</b>
Adams Street Partners.....	95
Bay Area Equity Fund .....	95
Carpenter Community BancFund .....	95
Energy Investors - US Power Fund I.....	96
Energy Investors - US Power Fund II.....	96
Energy Investors - US Power Fund III.....	96
Energy Investors - US Power Fund VI .....	97
Nogales Investors Fund I.....	97
Oaktree Private Investment Fund 2009.....	97
Paladin Fund III .....	97
Pathway Private Equity Fund .....	98
<b>APPENDIX – EXAMPLE CHARTS</b> .....	<b>99</b>
<b>DEFINITIONS</b> .....	<b>101</b>



## MARKET OVERVIEW

### *Domestic Equity Markets*

During the first quarter of 2012 US equities surged on strong corporate earnings, improved U.S. economic data, and progress in resolving the European debt crisis. The S&P 500 returned 12.6% versus 11.8% in the fourth quarter 2011. Small cap stocks continued their sharp rise, with the Russell 2000® Index up 12.4% versus 15.5% for the prior quarter.

Nine of the S&P 500 sectors had positive returns during the first quarter; the only negative return was in Utilities (-1.6%). The Financial sector had the greatest gain (22.0%), followed by Information Technology (21.5%), Consumer Discretionary (16.0%), Industrials (11.3%), Materials (11.2%), Healthcare (8.9%), Consumer Staples (5.5%), Energy (3.9%), and Telecom Services (2.1%).

In the quarter, large cap growth stocks outperformed small cap growth securities, but small cap value stocks outperformed large cap value market segments. In domestic large capitalization, the Russell 1000® Value Index returned 11.2% compared to the Russell 1000® Growth Index return of 14.7%. In small caps, the Russell 2000® Value Index returned 11.6% while the Russell 2000® Growth Index returned 13.3%.

### *International Equity Markets*

The international equity markets rose sharply on efforts by central banks to support economic growth and investor perception that the risk of a Eurozone collapse was reduced. International equity markets rose during the quarter, though trailing the US markets. The MSCI EAFE Index returned 11.0% during the quarter. The weakening dollar slightly enhanced results for US investors as the MSCI EAFE return prior to translation into US\$ was 10.3%. The European portion of EAFE had a return of 10.8%, while the MSCI Pacific Index had a return of 11.3%.

### *Domestic Bond Markets*

The Federal Reserve Bank continued to sell shorter-term U.S. Treasuries and buy longer-term bonds, with the goal of pushing down long-term interest rates to stimulate borrowing and spending. Most non-Treasury fixed income markets rose in the 1st quarter, as investors continued to embrace risk. The Barclays Capital Aggregate Bond Index returned 0.3% during the quarter.

Longer-duration bonds were the worst performing sector this quarter due to stronger economic data and a greater appetite for risk. High yield bonds were the best performing sector as investor sought securities with higher yields. The Barclays Capital Long Government/Credit Index returned -2.1% while the shorter Barclays Capital 1-3 Year Government/ Credit Index returned 0.4%. The Barclays Capital Credit Index returned 2.0% compared to -1.3% for the Barclays Capital Treasury Index. The Barclays Mortgage Index returned 0.6%, while high yield securities trended with equity returns as the Merrill Lynch High Yield Master II Index returned 5.1%.

### *Real Estate*

The domestic real estate market, as measured by the NCREIF ODCE Property Index, was up 3.0% (preliminary) for the first quarter of 2012. The FTSE NAREIT Equity Index, which measures the domestic public REIT market, returned 10.5%. Global real estate securities, as measured by the FTSE EPRA/NAREIT Global Developed Markets Index, returned 13.5%.

## KEY POINTS

### *First Quarter, 2012*

- The CCCERA Total Fund returned 8.1% for the first quarter, exceeding the 7.2% return of the median total fund and the 7.7% return of the median public fund. CCCERA Total Fund performance has been first quartile over the past three years, second quartile over the past four years, above the total fund and near the public fund median over five years, and well above median over the seven through ten-year periods.
- CCCERA domestic equities returned 14.9% in the quarter, exceeding the 12.9% return of the Russell 3000® Index and the 12.6% return of the median equity manager, ranking in the 17<sup>th</sup> percentile of equity managers.
- CCCERA international equities returned 10.9% for the quarter, near the 11.0% return of the MSCI EAFE Index and below the 11.9% return of the median international equity manager.
- CCCERA global equities returned 8.5% in the quarter, trailing the MSCI ACWI return of 12.0% and ranking in the 80<sup>th</sup> percentile of global equity managers.
- CCCERA U.S. fixed income returned 2.6% for the quarter, exceeding the Barclays U.S. Universal return of 0.9% and the median fixed income manager return of 1.3%.
- CCCERA global fixed income returned 1.8%, better than the 0.9% return of the Barclays Global Aggregate Index. This return ranked in the 63<sup>rd</sup> percentile of global fixed income managers.
- CCCERA alternative assets returned 4.7% for the quarter, trailing the target 13.7% return of the S&P 500 + 400 basis points per year.
- CCCERA real estate returned 6.0% for the quarter. This return exceeded the median real estate manager return of 3.3% and the CCCERA real estate benchmark return of 4.8%. Siguler Guff and Angelo Gordon called capital during the first quarter. Market value and performance data for these managers will be presented in the third quarter report due to the valuation lag.
- The CCCERA opportunistic allocation (almost entirely Oaktree) returned 3.8% in the first quarter.
- The total equity allocation stood at 53.5% at the end of the quarter, which was higher than the target weight of 50.6%. Investment grade fixed income was below its target at 22.9% versus 23.6%. Alternative investments remained below their long-term target. U.S. equities are the “parking place” for assets intended for alternative investments.
- New manager target allocations were implemented in February 2012 and are reflected in this report.

## WATCH LIST

<u>Manager</u>	<u>Since</u>	<u>Reason</u>
Adelante	2/25/2009	Performance
INVESCO IREF I, II	2/24/2010	Performance
Nogales Investors	5/28/2008	Performance

- Adelante's return of 10.9% slightly exceeded its benchmark in the first quarter, and is ahead of its benchmark over the past year and two years. Longer-term results are still somewhat behind the benchmark. An on-site visit to Adelante was conducted recently.
- Both INVESCO real estate funds performed well over the past one- and two- year periods, but they continue to rank poorly in the real estate universe over longer trailing time periods.
- Nogales will remain on the Watch List until the fund is completely wound down.

## SUMMARY

CCCERA's first quarter return of 8.1% was better than the median total fund and the median public fund at 7.2% and 7.7%, respectively. Performance has been strong through the past four years. CCCERA performed near the medians over the past five years. CCCERA has outperformed both medians over trailing time periods longer than five years.

CCCERA total domestic equities returned 14.9% for the quarter, exceeding the 12.9% return of the Russell 3000® and the 12.6% return of the median manager. Of CCCERA's domestic equity managers, Emerald had the best absolute result with a 20.1% return, significantly above the Russell 2000® Growth Index return of 13.3%. Robeco returned 15.0%, exceeding the 11.1% return of the Russell 1000® Value Index. Wentworth Hauser returned 16.1%, exceeding the 12.6% return of the S&P 500. PIMCO returned 14.2%, also exceeding the S&P 500. Intech Enhanced Plus returned 10.9%, trailing the S&P 500. Intech Large Cap Core returned 10.2%, also trailing the S&P 500 Index. Delaware returned 16.3% return, better than the Russell 1000® Growth Index return of 14.7%. In its first full quarter with CCCERA, Ceredex returned 12.1%, better than the 11.6% return of the Russell 2000 Value.

CCCERA international equities returned 10.9%, near the 11.0% return of the MSCI EAFE Index and trailing the 11.9% return of the median international manager. The GMO Intrinsic Value Extended portfolio returned 7.3%, trailing the 8.9% return of the Blended Benchmark (100% MSCI EAFE Value Index from inception to February 29, 2012, 100% MSCI ACWI ex-US Value from March 1, 2012 to present). The William Blair portfolio returned 14.4%, better than the MSCI ACWI ex-US Growth Index return of 11.9%.

CCCERA global equities returned 8.5%, trailing the 12.1% return of the MSCI ACWI benchmark and the 11.4% return of the median global equity manager. The J.P. Morgan portfolio returned 13.7%, exceeding the 12.1% return of the MSCI ACWI Index. The First Eagle portfolio returned 9.1%, trailing the MSCI ACWI Index return of 12.1%. Finally, Tradewinds returned 2.4%, significantly trailing the ACWI return of 12.1%. Tradewinds was terminated in April 2012. The assets are invested with a transition manager.

CCCERA total domestic fixed income returned 2.6% for the first quarter, better than the 0.9% return of the Barclays Universal Index and the 1.3% return of the median fixed income manager. Allianz Global returned 4.9%, which trailed the 5.2% return of the ML High Yield II Index and the 5.3% return of the median high yield manager. The Torchlight Fund III returned 6.3% in the first quarter, better than the Merrill Lynch High Yield II Index return of 5.2%. The Torchlight II fund returned 4.6%, trailing the ML High Yield II Index and the high yield fixed income median. Lord Abbett returned 2.1%, exceeding the 0.3% return of the Barclays U.S. Aggregate as well as the median fixed income manager. PIMCO returned 1.9%, exceeding the Barclays U.S. Aggregate and the median. AFL-CIO returned 0.3% which matched the Barclays U.S. Aggregate return of 0.3% but was below the median fixed income manager. Goldman Sachs returned 1.5%, exceeding the Barclays U.S. Aggregate Index and the median fixed income manager. The workout portfolio returned 2.5%, better than the Barclays Aggregate. The opportunistic allocation (almost entirely Oaktree) returned 3.8% in the first quarter.

Lazard Asset Management returned 1.8% in the first quarter, which exceeded the Barclays Global Aggregate return of 0.9%, but trailed the median global fixed income manager return of 2.4% and ranked in the 63<sup>rd</sup> percentile of global fixed income portfolios.

CCCERA total alternative investments returned 4.7% in the first quarter. Nogales returned 2.0%, Paladin III returned 0.7%, Energy Investor Fund II returned -3.3%, Carpenter Community Bancfund returned 12.0%, Energy Investor Fund returned -10.3%, Adams Street returned 4.2%, Pathway returned 4.8%, Energy Investor Fund III returned 11.5% and Bay Area Equity Fund returned 20.9%,. (Due to timing constraints, all alternative portfolio returns are for the quarter ending December 31, 2011.)



The median real estate manager returned 3.3% for the quarter while CCCERA's total real estate returned 6.0%. Adelante Capital REIT returned 10.9%, Long Wharf III returned 0.9%, Invesco Fund II returned 0.6%, DLJ's RECP IV returned -1.1%, Invesco Fund I returned 1.2%, DLJ RECP III returned 3.4%, Invesco International REIT returned 15.2%, Long Wharf II returned 1.5%, Willows Office Property returned 2.3%, and DLJ's RECP II returned 7.0%. (Due to timing constraints, the DLJ portfolio returns are for the quarter ending December 31, 2011.)

Also, please refer to the internal rate of return (IRR) table for closed-end funds on page 15, which is the preferred measurement for the individual closed-end funds in the areas of debt, real estate and private equity.

### **Asset Allocation**

The CCCERA fund at March 31, 2012 was above target in domestic equity (30.2% vs. 28.0), international equity (11.1% vs. 10.6%), and global equity (12.2% vs. 12.0%). Asset classes below their respective targets included high yield fixed income (4.9% vs. 5.0%), real estate (11.8% vs. 13.5%), investment grade fixed income (22.9% vs. 23.6%) alternatives (5.9% vs. 6.0%), and opportunistic (0.6% vs. 0.8%). Assets earmarked for alternative investments are temporarily invested in U.S. equities.

### **Private Investment Commitments**

CCCERA has committed to various private investment vehicles across multiple asset classes. Within domestic fixed income, CCCERA has committed \$85 million to the Torchlight Debt Opportunity Fund II and \$85 million to Torchlight Debt Opportunity Fund III.

Within real estate, commitments include: \$15 million to DLJ RECP I; \$40 million to DLJ RECP II; \$75 million to DLJ III, \$100 million to DLJ IV; \$50 million to INVESCO I; \$85 million INVESCO II; \$50 million to Fidelity II; \$75 million to Fidelity III; \$50 million to Oaktree Real Estate Opportunities Fund V; \$75 million to Siguler Guff; \$75 million to LaSalle; and \$80 million to Angelo Gordon.

Within private equity: \$180 million to Adams Street Partners; \$30 million to Adams Street Secondary II; \$125 million to Pathway; \$30 million to Pathway 2008; \$30 million to Energy Investors USPF I; \$50 million to USPF II; \$65 million to USPF III; \$15 million to Nogales; \$10 million to Bay Area Equity Fund; \$10 million to Bay Area Equity Fund II; \$25 million to Paladin III and \$30 million to Carpenter Community BancFund.

Within the opportunistic allocation, CCCERA made a \$40 million commitment to Oaktree Private Investment Fund 2009.

## Performance Compared to Investment Performance Objectives

The Statement of Investment Policies and Guidelines specifies investment objectives for each asset class. These goals are meant as targets, and one would not expect them to be achieved by every manager over every period. They do provide justification for focusing on sustained manager under-performance. We show the investment objectives and compliance with the objectives on the following page. We also include compliance with objectives in the manager comments.

Reflecting the Investment Policy, the table below includes performance after fees, as well as the performance gross of (before) fees which has previously been reported.

### Summary of Managers Compliance with Investment Performance Objectives As of March 31, 2012

	Trailing 3 Years			Trailing 5 Years		
	<u>Gross</u> <u>Return</u>	<u>Net Return</u>	<u>Rank</u> <u>Target</u>	<u>Gross</u> <u>Return</u>	<u>Net Return</u>	<u>Rank</u> <u>Target</u>
<b>DOMESTIC EQUITY</b>						
Delaware	Yes	Yes	Yes	Yes	Yes	Yes
Emerald Advisors	Yes	Yes	Yes	Yes	Yes	Yes
Intech - Enhanced Plus	Yes	No	Yes	Yes	No	No
Intech - Large Core	No	No	No	No	No	No
PIMCO Stocks Plus	Yes	Yes	Yes	Yes	No	Yes
Robeco Boston Partners	Yes	Yes	Yes	Yes	Yes	Yes
Wentworth, Hauser	No	No	No	Yes	Yes	Yes
Total Domestic Equities	Yes	No	Yes	Yes	Yes	Yes
<b>INT'L EQUITY</b>						
GMO Intrinsic Value	No	No	No	Yes	Yes	No
William Blair	-	-	-	-	-	-
Total Int'l Equities	No	No	No	No	No	No
<b>DOMESTIC FIXED INCOME</b>						
AFL-CIO Housing	No	No	No	Yes	No	No
Goldman Sachs	Yes	Yes	No	-	-	-
Torchlight II	Yes	Yes	Yes	No	No	No
Torchlight III	No	No	No	-	-	-
Lord Abbett	Yes	No	Yes	-	-	-
Allianz Global Investors	No	No	No	Yes	Yes	Yes
PIMCO	Yes	Yes	Yes	Yes	Yes	Yes
Workout (GSAM)	Yes	Yes	Yes	Yes	-	Yes
Total Domestic Fixed	Yes	Yes	Yes	Yes	No	No
<b>GLOBAL FIXED INCOME</b>						
Lazard Asset Management	Yes	Yes	Yes	Yes	-	Yes

**Summary of Managers Compliance with Investment Performance Objectives (cont)  
As of March 31, 2012**

	Trailing 3 Years			Trailing 5 Years		
	<u>Gross Return</u>	<u>Net Return</u>	<u>Rank Target</u>	<u>Gross Return</u>	<u>Net Return</u>	<u>Rank Target</u>
<b>ALTERNATIVE INVESTMENTS</b>						
Adams Street	No	No	-	Yes	Yes	-
Bay Area Equity Fund	Yes	Yes	-	Yes	Yes	-
Carpenter Bancfund	No	No	-	-	-	-
Energy Investor Fund	No	No	-	Yes	Yes	-
Energy Investor Fund II	No	No	-	Yes	No	-
Energy Investor Fund III	No	No	-	-	-	-
Nogales	No	No	-	No	No	-
Paladin III	No	No	-	-	-	-
Pathway	No	No	-	Yes	Yes	-
Total Alternative	No	No	-	Yes	Yes	-
<b>REAL ESTATE</b>						
Adelante Capital REIT	No	No	Yes	No	No	No
DLJ RECP I	No	No	No	Yes	No	Yes
DLJ RECP II	No	No	No	No	No	No
DLJ RECP III	No	No	No	No	No	No
DLJ RECP IV	No	No	No	-	-	-
Long Wharf II	No	No	No	No	No	No
Long Wharf III	No	No	No	-	-	-
Invesco Fund I	No	No	No	No	No	No
Invesco Fund II	No	No	No	-	-	-
Invesco Int'l REIT	No	No	No	-	-	-
Willows Office Property	No	No	No	No	No	No
Total Real Estate	Yes	Yes	Yes	No	No	No
CCCERA Total Fund	Yes	Yes	Yes	No	No	Yes

**ASSET ALLOCATION**  
**As of March 31, 2012**

	<u>Market Value</u>	<u>% of Portion</u>	<u>% of Total</u>	<u>Adjusted Target % of Total</u>
<b>EQUITY - DOMESTIC</b>				
Ceredex	\$ 198,877,862	6.9 %	3.7 %	3.5 %
Delaware Investments	311,252,150	10.8	5.8	5.2
Emerald	214,710,046	7.5	4.0	3.5
Intech - Enhanced Plus	17,348,115	0.6	0.3	0.3
Intech - Large Core	180,450,173	6.3	3.4	3.2
PIMCO	187,686,954	6.5	3.5	3.6
Robeco	305,806,509	10.6	5.7	5.2
Wentworth	209,088,754	7.3	3.9	3.5
<b>TOTAL DOMESTIC</b>	<b>\$ 1,625,220,563</b>	<b>56.5 %</b>	<b>30.2 %</b>	<b>28.0 %</b>
<b>INTERNATIONAL EQUITY</b>				
State Street Transition	\$ 273,926	0.0 %	0.0 %	0.0 %
William Blair	307,696,175	10.7	5.7	5.3
GMO Intrinsic Value	289,239,384	10.0	5.4	5.3
<b>TOTAL INT'L EQUITY</b>	<b>\$ 597,209,485</b>	<b>20.7 %</b>	<b>11.1 %</b>	<b>10.6 %</b>
<b>GLOBAL EQUITY</b>				
J.P. Morgan	\$ 233,898,540	8.1 %	4.3 %	4.0 %
First Eagle	218,854,408	7.6	4.1	4.0
Tradewinds	203,706,822	7.1	3.8	4.0
<b>TOTAL GLOBAL EQUITY</b>	<b>\$ 656,459,770</b>	<b>22.8 %</b>	<b>12.2 %</b>	<b>12.0 %</b>
<b>TOTAL EQUITY</b>	<b>\$ 2,878,889,818</b>	<b>100.0 %</b>	<b>53.5 %</b>	<b>50.6 %</b>
			<i>Range:</i>	<i>40 to 55 %</i>
<b>FIXED INCOME</b>				
AFL-CIO	\$ 163,045,210	13.2 %	3.0 %	3.2 %
Goldman Sachs Core	213,854,525	17.4	4.0	4.2
Workout (GSAM)	8,072,126	0.7	0.1	0.0
Lord Abbett	218,343,392	17.7	0.0	4.2
PIMCO	287,375,628	23.3	5.3	5.5
Torchlight II	54,963,848	4.5	1.0	0.8
Torchlight III	78,290,731	6.4	1.5	1.7
<b>TOTAL US FIXED INCOME</b>	<b>\$ 1,023,945,460</b>	<b>83.1 %</b>	<b>19.0 %</b>	<b>19.6 %</b>
<b>GLOBAL FIXED</b>				
Lazard Asset Mgmt	\$ 207,844,921	16.9 %	3.9 %	4.0 %
<b>TOTAL GLOBAL FIXED</b>	<b>\$ 207,844,921</b>	<b>16.9 %</b>	<b>3.9 %</b>	<b>4.0 %</b>
<b>TOTAL INV GRADE FIXED</b>	<b>\$ 1,231,790,381</b>	<b>100.0 %</b>	<b>22.9 %</b>	<b>23.6 %</b>
			<i>Range:</i>	<i>20 to 30 %</i>
<b>HIGH YIELD</b>				
Allianz Global Investors	\$ 264,641,882	100.0 %	4.9 %	5.0 %
<b>TOTAL HIGH YIELD</b>	<b>\$ 264,641,882</b>	<b>100.0 %</b>	<b>4.9 %</b>	<b>5.0 %</b>
			<i>Range:</i>	<i>2 to 9 %</i>

**ASSET ALLOCATION**  
**As of March 31, 2012**

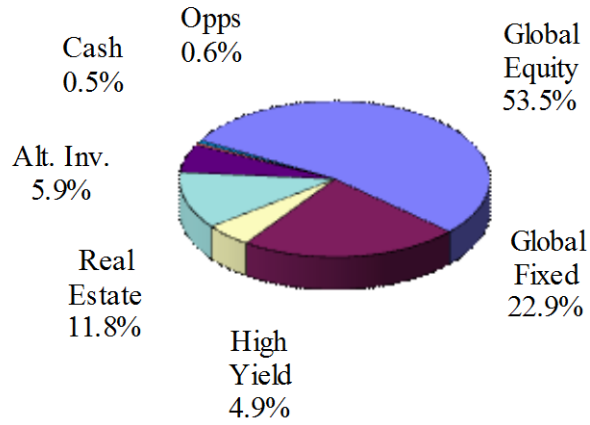
	<u>Market Value</u>	<u>% of Portion</u>	<u>% of Total</u>	<u>Adjusted Target % of Total</u>
<b>REAL ESTATE</b>				
Adelante Capital	\$ 283,292,429	44.5 %	5.3 %	3.0 %
DLJ RECP II	3,551,164	0.6	0.1	-
DLJ RECP III	38,249,528	6.0	0.7	-
DLJ RECP IV	53,505,975	8.4	1.0	-
Long Wharf II	14,308,082	2.3	0.3	-
Long Wharf III	64,994,382	10.2	1.2	-
Hearthstone I	137,988	0.0	0.0	-
Hearthstone II	2,600	0.0	0.0	-
Invesco Fund I	26,362,363	4.1	0.5	-
Invesco Fund II	48,098,169	7.6	0.9	-
Invesco International REIT	52,648,538	8.3	1.0	1.5
Oaktree ROF V	42,753,439	6.7	0.8	-
Willows Office Property	8,000,000	1.3	0.1	-
<b>TOTAL REAL ESTATE</b>	<b>\$ 635,904,657</b>	<b>100.0 %</b>	<b>11.8 %</b>	<b>13.5 %</b>
			<i>Range:</i>	<i>10 to 16 %</i>
<b>ALTERNATIVE INVESTMENTS</b>				
Adams Street Partners	\$ 105,034,542	33.2 %	2.0 %	- %
Bay Area Equity Fund	17,061,938	5.4	0.3	-
Carpenter Bancfund	25,807,433	8.2	0.5	-
Energy Investor Fund	2,572,666	0.8	0.0	-
Energy Investor Fund II	40,838,081	12.9	0.8	-
Energy Investor Fund III	20,915,787	6.6	0.4	-
Energy Investor Fund IV	8,395,193	2.7	0.2	-
Nogales	3,008,845	1.0	0.1	-
Paladin III	11,218,444	3.6	0.2	-
Pathway Capital	81,147,518	25.7	1.5	-
<b>TOTAL ALTERNATIVE</b>	<b>\$ 316,000,447</b>	<b>100.0 %</b>	<b>5.9 %</b>	<b>6.0 %</b>
			<i>Range:</i>	<i>5 to 12 %</i>
<b>OPPORTUNISTIC</b>				
Goldman Sachs Opps	\$ 336,762	1.0 %	0.0 %	0.0 %
Oaktree PIF 2009	33,612,754	99.0	0.6	0.8
<b>TOTAL OPPORTUNISTIC</b>	<b>\$ 33,949,516</b>	<b>100.0 %</b>	<b>0.6 %</b>	<b>0.8 %</b>
<b>CASH</b>				
Custodian Cash	\$ 24,271,688	100.0 %	0.5 %	- %
Treasurer's Fixed	0	0.0	0.0	-
<b>TOTAL CASH</b>	<b>\$ 24,271,688</b>	<b>100.0 %</b>	<b>0.5 %</b>	<b>0.5 %</b>
			<i>Range:</i>	<i>0 to 1 %</i>
<b>TOTAL ASSETS</b>	<b>\$ 5,385,448,389</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

*This page intentionally left blank.*

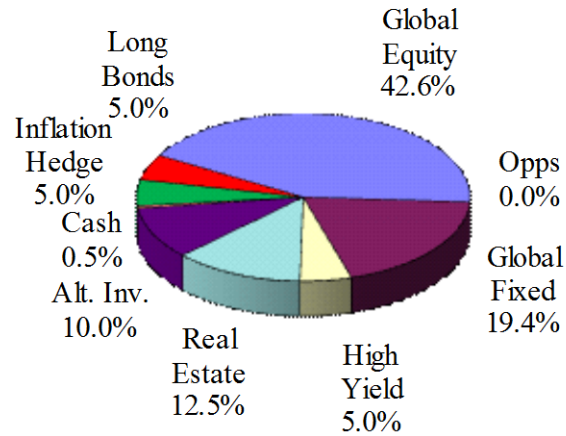
# ASSET ALLOCATION

As of March 31, 2012

## CCCERA Asset Allocation



## Long Term Target Asset Allocation



**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2012**

<b>DOMESTIC EQUITY</b>	<b>3 Mo</b>	<b>1 Yr</b>	<b>2 Yr</b>	<b>3 Yr</b>	<b>4 Yr</b>	<b>5 Yr</b>	<b>7 Yr</b>	<b>10 Yr</b>
<b>Delaware</b>	<b>16.3 %</b>	<b>19.2 %</b>	<b>19.0 %</b>	<b>27.9 %</b>	<b>7.8 %</b>	<b>6.3 %</b>	<b>7.7 %</b>	<b>- %</b>
<i>Rank vs Equity</i>	<i>11</i>	<i>1</i>	<i>4</i>	<i>24</i>	<i>21</i>	<i>11</i>	<i>22</i>	<i>-</i>
<i>Rank vs Lg Growth</i>	<i>37</i>	<i>4</i>	<i>3</i>	<i>9</i>	<i>11</i>	<i>16</i>	<i>16</i>	<i>-</i>
<b>Emerald Advisors</b>	<b>21.0</b>	<b>6.1</b>	<b>21.3</b>	<b>31.6</b>	<b>11.6</b>	<b>5.7</b>	<b>8.7</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>1</i>	<i>42</i>	<i>3</i>	<i>6</i>	<i>3</i>	<i>14</i>	<i>10</i>	<i>-</i>
<i>Rank vs Sm Cap Growth</i>	<i>2</i>	<i>15</i>	<i>9</i>	<i>20</i>	<i>17</i>	<i>32</i>	<i>38</i>	<i>-</i>
<b>Ceredex</b>	<b>12.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>57</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Rank vs Sm Cap Value</i>	<i>50</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Intech - Enhanced Plus</b>	<b>10.9</b>	<b>8.2</b>	<b>12.3</b>	<b>23.5</b>	<b>4.1</b>	<b>2.2</b>	<b>5.1</b>	<b>5.4</b>
<i>Rank vs Equity</i>	<i>69</i>	<i>27</i>	<i>40</i>	<i>58</i>	<i>60</i>	<i>60</i>	<i>64</i>	<i>61</i>
<i>Rank vs Lg Core</i>	<i>82</i>	<i>55</i>	<i>24</i>	<i>49</i>	<i>43</i>	<i>53</i>	<i>39</i>	<i>26</i>
<b>Intech - Large Core</b>	<b>10.2</b>	<b>6.9</b>	<b>11.7</b>	<b>22.6</b>	<b>3.9</b>	<b>1.7</b>	<b>-</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>73</i>	<i>37</i>	<i>53</i>	<i>71</i>	<i>66</i>	<i>71</i>	<i>-</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>83</i>	<i>74</i>	<i>60</i>	<i>76</i>	<i>67</i>	<i>77</i>	<i>-</i>	<i>-</i>
<b>PIMCO Stocks Plus</b>	<b>14.2</b>	<b>9.6</b>	<b>14.1</b>	<b>29.6</b>	<b>4.9</b>	<b>2.4</b>	<b>5.0</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>25</i>	<i>16</i>	<i>25</i>	<i>14</i>	<i>50</i>	<i>54</i>	<i>65</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>14</i>	<i>17</i>	<i>9</i>	<i>3</i>	<i>22</i>	<i>32</i>	<i>40</i>	<i>-</i>
<b>Robeco Boston Partners</b>	<b>15.0</b>	<b>8.2</b>	<b>11.0</b>	<b>23.8</b>	<b>6.2</b>	<b>3.0</b>	<b>6.7</b>	<b>6.3</b>
<i>Rank vs Equity</i>	<i>17</i>	<i>27</i>	<i>59</i>	<i>53</i>	<i>37</i>	<i>47</i>	<i>36</i>	<i>40</i>
<i>Rank vs Lg Value</i>	<i>3</i>	<i>26</i>	<i>28</i>	<i>32</i>	<i>4</i>	<i>13</i>	<i>3</i>	<i>13</i>
<b>Wentworth, Hauser</b>	<b>16.1</b>	<b>7.5</b>	<b>11.1</b>	<b>22.9</b>	<b>5.4</b>	<b>3.3</b>	<b>5.2</b>	<b>4.3</b>
<i>Rank vs Equity</i>	<i>12</i>	<i>32</i>	<i>59</i>	<i>68</i>	<i>45</i>	<i>45</i>	<i>61</i>	<i>75</i>
<i>Rank vs Lg Core</i>	<i>2</i>	<i>66</i>	<i>69</i>	<i>73</i>	<i>17</i>	<i>19</i>	<i>31</i>	<i>51</i>
<b>Total Domestic Equities</b>	<b>14.9</b>	<b>8.2</b>	<b>13.8</b>	<b>25.6</b>	<b>5.8</b>	<b>3.2</b>	<b>6.0</b>	<b>4.6</b>
<i>Rank vs Equity</i>	<i>17</i>	<i>27</i>	<i>27</i>	<i>37</i>	<i>41</i>	<i>45</i>	<i>46</i>	<i>73</i>
Median Equity	12.6	4.8	12.0	24.1	4.9	2.9	5.8	5.8
S&P 500	12.6	8.5	12.0	23.4	3.9	2.0	4.7	4.1
Russell 3000®	12.9	7.2	12.2	24.3	4.3	2.2	5.1	4.7
Russell 1000® Value	11.1	4.8	9.8	22.8	1.6	-0.8	3.5	4.6
Russell 1000® Growth	14.7	11.0	14.6	25.3	6.6	5.1	6.5	4.3
Russell 2000®	12.4	-0.2	12.1	26.9	6.3	2.1	5.8	6.5
Russell 2000® Value	11.6	-1.1	9.2	25.4	4.7	0.0	4.6	6.6
Russell 2000® Growth	13.3	0.7	14.8	28.4	7.7	4.2	6.9	6.0
<b>INT'L EQUITY</b>								
<b>GMO Intrinsic Value</b>	<b>7.3</b>	<b>-7.2</b>	<b>1.7</b>	<b>14.5</b>	<b>-4.3</b>	<b>-4.1</b>	<b>3.0</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>88</i>	<i>73</i>	<i>83</i>	<i>89</i>	<i>89</i>	<i>89</i>	<i>91</i>	<i>-</i>
<b>William Blair</b>	<b>14.4</b>	<b>-0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>15</i>	<i>19</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Int'l Equities</b>	<b>10.9</b>	<b>-4.1</b>	<b>2.7</b>	<b>14.9</b>	<b>-5.2</b>	<b>-4.4</b>	<b>3.6</b>	<b>5.9</b>
<i>Rank vs Int'l Eq</i>	<i>69</i>	<i>36</i>	<i>63</i>	<i>87</i>	<i>93</i>	<i>92</i>	<i>78</i>	<i>83</i>
Median Int'l Equity	11.9	-5.7	3.6	19.4	-1.1	-0.5	5.7	7.6
MSCI EAFE Index	11.0	-5.3	2.5	17.7	-3.2	-3.0	3.7	6.2
MSCI ACWI ex-US	11.3	-6.7	2.9	19.7	-2.0	-1.1	5.5	7.7
MSCI ACWI ex-US Value	10.8	-7.6	1.8	20.1	2.0	-1.8	5.2	8.4
MSCI ACWI ex-US Growth	11.9	-6.1	3.9	19.2	-2.1	-0.5	5.8	7.0

Notes: Returns for periods longer than one year are annualized.



**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2012**

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>GLOBAL EQUITY</b>								
J.P. Morgan Global	13.7 %	-0.4 %	5.6 %	-	-	-	-	-
<i>Rank vs Global Eq</i>	18	33	50	-	-	-	-	-
First Eagle	9.1	6.2	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	69	5	-	-	-	-	-	-
Tradewinds	2.4	-8.1	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	97	83	-	-	-	-	-	-
Total Global Equity	8.5	-1.7	5.1	-	-	-	-	-
<i>Rank vs Global Eq</i>	80	43	50	-	-	-	-	-
Median Global Equity	11.4	-3.9	6.3	22.4 %	-0.7 %	1.5 %	-	-
MSCI ACWI Index	12.0	-0.2	7.0	21.4	0.6	0.3	5.2 %	-
MSCI World Index	14.5	3.7	8.7	21.9	1.2	0.4	4.9	5.5 %
<b>DOMESTIC FIXED INCOME</b>								
AFL-CIO Housing	0.3	7.7	6.4	6.4	6.4	6.6	6.1	6.2
<i>Rank vs Fixed Income</i>	79	35	58	75	51	53	50	51
Goldman Sachs Core+	1.5	8.6	7.2	8.1	-	-	-	-
<i>Rank vs Fixed Income</i>	46	18	38	53	-	-	-	-
Torchlight II*	4.6	8.0	28.7	34.2	1.0	-7.4	-	-
<i>Rank vs High Yield</i>	78	2	1	1	98	98	-	-
Torchlight III*	6.3	8.1	9.2	18.6	-	-	-	-
<i>Rank vs High Yield</i>	22	1	44	76	-	-	-	-
Lord Abbett Core+	2.1	9.2	8.0	11.3	-	-	-	-
<i>Rank vs Fixed Income</i>	35	14	30	28	-	-	-	-
Allianz Global Investors	4.9	7.3	11.3	20.6	11.3	8.8	9.0	9.4
<i>Rank vs High Yield</i>	68	4	2	51	4	1	2	6
PIMCO Core+	1.9	6.0	6.6	10.4	7.3	7.7	7.0	-
<i>Rank vs Fixed Income</i>	37	61	50	31	34	22	26	-
Workout (GSAM)	2.6	0.4	7.9	21.6	-	-	-	-
<i>Rank vs Fixed Income</i>	30	95	31	4	-	-	-	-
Total Domestic Fixed	2.6	7.9	8.5	12.3	7.3	6.5	6.5	6.8
<i>Rank vs Fixed Income</i>	30	31	27	25	34	55	34	36
Median Fixed Income	1.3	6.7	6.6	8.5	6.5	6.6	6.2	6.2
Median High Yield Mgr.	5.3	5.1	9.1	20.6	8.8	6.2	6.9	7.7
Barclays Universal	0.9	7.6	6.7	7.9	6.1	6.2	5.9	6.1
Barclays Aggregate	0.3	7.7	6.4	6.8	5.9	6.3	5.7	5.8
Merrill Lynch HY II	5.2	5.6	9.8	23.8	10.9	7.9	8.3	9.0
Merrill Lynch BB/B	4.4	6.2	9.9	20.1	9.5	7.1	7.6	8.0
T-Bills	0.0	0.1	0.1	0.1	0.4	1.2	2.1	1.9
<b>GLOBAL FIXED INCOME</b>								
Lazard Asset Mgmt	1.8	4.8	7.7	10.5	4.7	0.0	0.0	0.0
<i>Rank vs. Global Fixed</i>	63	46	17	41	49	0	0	0
Barclays Global Aggregate	0.9	5.3	6.2	7.5	4.3	6.4	5.3	-
<b>ALTERNATIVE INVESTMENTS*</b>								
Adams Street**	4.2	13.1	16.7	15.7	5.1	7.6	11.8	9.5
Bay Area Equity Fund**	20.9	72.7	63.6	43.6	31.6	36.2	28.0	-
Carpenter Bancfund**	12.0	15.1	10.7	7.0	2.9	-	-	-
Energy Investor Fund**	-10.3	-11.8	-18.3	-5.2	11.1	35.1	33.4	-
Energy Investor Fund II**	-3.3	5.8	4.3	3.7	4.2	7.4	-	-
Energy Investor Fund III**	11.5	2.7	-1.0	-3.4	1.1	-	-	-
Nogales**	2.0	14.5	20.2	19.6	-6.9	-17.0	-7.8	-
Paladin III**	0.7	29.2	17.5	18.5	11.0	-	-	-
Pathway**	4.8	12.1	13.1	14.0	3.5	8.3	14.9	11.7
Total Alternative	4.7	13.4	12.4	11.3	6.0	8.5	12.8	11.0
S&P 500 + 400 bps	13.7	12.9	16.5	28.3	8.0	6.1	8.9	8.3

**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2012**

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>REAL ESTATE*</b>								
<b>Adelante Capital REIT</b>	<b>10.9 %</b>	<b>13.5 %</b>	<b>19.9 %</b>	<b>44.0 %</b>	<b>2.8 %</b>	<b>-2.0 %</b>	<b>7.5 %</b>	<b>10.7 %</b>
<i>Rank vs REITs</i>	22	23	8	16	80	84	42	34
<b>DLJ RECP II**</b>	<b>7.0</b>	<b>13.1</b>	<b>17.3</b>	<b>-1.3</b>	<b>-6.7</b>	<b>-2.2</b>	<b>8.8</b>	<b>14.5</b>
<i>Rank</i>	31	40	34	73	72	63	17	7
<b>DLJ RECP III**</b>	<b>3.4</b>	<b>5.1</b>	<b>4.0</b>	<b>-6.5</b>	<b>-7.2</b>	<b>-3.1</b>	-	-
<i>Rank</i>	41	74	84	84	73	70	-	-
<b>DLJ RECP IV**</b>	<b>-1.1</b>	<b>8.1</b>	<b>14.2</b>	<b>-6.1</b>	<b>-18.2</b>	-	-	-
<i>Rank</i>	92	65	56	84	88	-	-	-
<b>Long Wharf II</b>	<b>1.5</b>	<b>10.3</b>	<b>12.1</b>	<b>-3.6</b>	<b>-19.1</b>	<b>-14.9</b>	<b>-6.9</b>	-
<i>Rank</i>	76	59	60	78	89	90	92	-
<b>Long Wharf III</b>	<b>0.9</b>	<b>17.3</b>	<b>29.3</b>	<b>-15.1</b>	<b>-17.1</b>	-	-	-
<i>Rank</i>	80	12	4	94	88	-	-	-
<b>Invesco Fund I</b>	<b>1.2</b>	<b>27.7</b>	<b>28.0</b>	<b>-3.4</b>	<b>-9.1</b>	<b>-6.5</b>	<b>0.5</b>	-
<i>Rank</i>	79	5	5	78	79	80	85	-
<b>Invesco Fund II</b>	<b>0.6</b>	<b>31.5</b>	<b>56.1</b>	<b>-2.7</b>	<b>-37.7</b>	-	-	-
<i>Rank</i>	82	3	1	77	97	-	-	-
<b>Invesco Int'l REIT</b>	<b>15.2</b>	<b>-3.5</b>	<b>4.9</b>	<b>20.6</b>	-	-	-	-
<i>Rank vs REITs</i>	1	100	100	99	-	-	-	-
<b>Willows Office Property</b>	<b>2.3</b>	<b>6.2</b>	<b>-24.5</b>	<b>-15.7</b>	<b>-11.3</b>	<b>-2.1</b>	<b>0.4</b>	<b>0.9</b>
<i>Rank</i>	67	70	98	94	81	63	85	93
<b>Total Real Estate</b>	<b>6.0</b>	<b>11.3</b>	<b>16.8</b>	<b>21.4</b>	<b>-2.2</b>	<b>-3.2</b>	<b>5.9</b>	<b>9.3</b>
<i>Rank</i>	33	57	38	21	39	71	46	35
Median Real Estate	3.3	12.3	15.6	4.3	-3.4	-1.0	5.9	8.0
Real Estate Benchmark	4.8	14.0	16.3	16.4	3.0	3.2	8.3	9.6
Wilshire REIT	10.8	13.4	19.1	44.7	4.5	-0.7	7.7	10.4
NCREIF Property Index	2.6	13.4	14.7	6.0	0.4	2.9	7.1	8.2
NCREIF Index + 300 bps	3.3	16.7	18.0	9.1	3.4	6.0	10.3	11.4
NCREIF Index + 500 bps	3.8	18.9	20.3	11.2	5.4	8.0	12.4	13.5
<b>OPPORTUNISTIC</b>								
<b>Goldman Sachs</b>	<b>3.4</b>	<b>-7.4</b>	-	-	-	-	-	-
<b>Oaktree PIF 2009</b>	<b>3.0</b>	<b>0.9</b>	-	-	-	-	-	-
<b>Total Opportunistic</b>	<b>3.8</b>	<b>-6.2</b>	-	-	-	-	-	-
<b>Total Fund</b>	<b>8.1 %</b>	<b>6.3 %</b>	<b>10.5 %</b>	<b>18.2 %</b>	<b>4.5 %</b>	<b>3.4 %</b>	<b>6.7 %</b>	<b>6.9 %</b>
<i>Rank vs. Total Fund</i>	32	13	9	21	34	41	12	10
<i>Rank vs. Public Fund</i>	38	11	10	18	38	51	14	11
Median Total Fund	7.2	3.6	7.8	15.0	3.8	3.0	5.3	5.6
Median Public Fund	7.7	4.2	8.4	15.4	4.2	3.4	5.4	5.5
CPI + 400 bps	2.7	6.8	6.8	6.7	5.9	6.4	6.6	6.9
Policy Benchmark	8.2	6.6	10.3	-	-	-	-	-

\* See also see Internal Rates of Return for closed-end funds on page 15.

\*\* Performance as of December 31, 2011.

Please see page 23 for a full description of the benchmark composition.

## CLOSED END FUNDS INTERNAL RATE OF RETURN (IRR)

	Gross of Fees		Net of Fees		Inception
	Fund Level IRR	CCCERA IRR	Fund Level IRR	CCCERA IRR	
<b>FIXED INCOME</b>					
Torchlight II	-11.0%	-10.4%	-13.1%	-12.5%	07/01/06
Torchlight III	12.1%	12.5%	8.5%	9.1%	12/12/08
Oaktree	<i>n/a</i>	5.2%	<i>n/a</i>	4.4%	02/18/10
<b>REAL ESTATE</b>					
DLJ RECP II	26.3%	25.9%	23.3%	17.9%	09/24/99
DLJ RECP III	-1.1%	-2.4%	-2.2%	-4.0%	06/23/05
DLJ RECP IV	-6.1%	-0.8%	-9.4%	-4.2%	02/11/08
Long Wharf Fund II	-9.7%	-9.8%	-11.0%	-11.1%	03/10/04
Long Wharf Fund III	-3.0%	-2.7%	-6.0%	-5.9%	03/30/07
Hearthstone I	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	3.9%	06/15/95
Hearthstone II	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	26.7%	06/17/98
Invesco Real Estate I	0.5%	0.5%	-0.8%	-0.8%	02/01/05
Invesco Real Estate II	-0.9%	-1.4%	-1.9%	-2.3%	11/26/07
Oaktree REOP V	<i>n/a</i>	4.9%	<i>n/a</i>	-2.3%	
<b>ALTERNATIVE INVESTMENTS</b>					
Adams Street Partners ( <i>combined</i> )	<i>n/a</i>	14.4%	<i>n/a</i>	10.8%	03/18/96
Bay Area Equity Fund	28.1%	28.6%	21.2%	21.8%	06/14/04
Bay Area Equity Fund II*	13.0%	13.7%	-4.7%	-3.6%	12/07/09
Carpenter Bancfund	<i>n/a</i>	7.7%	<i>n/a</i>	4.0%	01/31/08
EIF US Power Fund I	33.8%	35.0%	28.9%	28.7%	11/26/03
EIF US Power Fund II	8.3%	7.5%	5.2%	4.3%	08/16/05
EIF US Power Fund III	0.0%	0.0%	-6.4%	-6.4%	05/30/07
EIF US Power Fund IV	94.1%	95.3%	-58.0%	-63.5%	11/28/11
Nogales	-9.3%	-9.9%	-16.5%	-16.8%	02/15/04
Paladin	4.1%	4.4%	4.1%	4.4%	11/30/07
Pathway ( <i>combined</i> )	13.4%	10.1%	4.6%	7.0%	11/09/98
Benchmark <sup>3</sup>	9.4%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
Benchmark <sup>4</sup>	1.0%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	

Benchmarks:

Pathway

Benchmark <sup>3</sup>

Benchmark <sup>4</sup>

Venture Economics Buyout Pooled IRR - 1999-2010 as of 12/31/11

Venture Economics Venture Capital IRR - 1999-2010 as of 12/31/11

## AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS

Performance through First Quarter, 2012

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>DOMESTIC EQUITY</b>								
Ceredex	12.0 %	-	-	-	-	-	-	-
Delaware	16.2	18.7 %	18.5 %	27.4 %	7.4 %	5.8 %	- %	- %
Emerald Advisors	20.8	5.4	20.6	30.8	10.9	5.0	8.1	-
Intech - Enhanced Plus	10.8	7.9	12.0	23.1	3.8	1.8	4.7	-
Intech - Large Core	10.1	6.6	11.3	22.2	3.6	1.3	-	-
PIMCO Stocks Plus	14.1	9.3	13.7	29.2	4.5	2.0	4.6	-
Robeco Boston Partners	14.9	7.8	10.7	23.4	5.9	2.7	6.4	6.0
Wentworth, Hauser	16.1	7.2	10.9	22.6	5.2	3.0	5.0	4.1
<b>Total Domestic Equities</b>	<b>14.9</b>	<b>7.9</b>	<b>13.4</b>	<b>25.2</b>	<b>5.4</b>	<b>2.8</b>	<b>5.6</b>	<b>4.2</b>
Median Equity	12.6	4.8	12.0	24.1	4.9	2.9	5.8	5.8
S&P 500	12.6	8.5	12.0	23.4	3.9	2.0	4.7	4.1
Russell 3000®	12.9	7.2	12.2	24.3	4.3	2.2	5.1	4.7
Russell 1000® Value	11.1	4.8	9.8	22.8	1.6	-0.8	3.5	4.6
Russell 1000® Growth	14.7	11.0	14.6	25.3	6.6	5.1	6.5	4.3
Russell 2000®	12.4	-0.2	12.1	26.9	6.3	2.1	5.8	6.5
Russell 2000® Value	11.6	-1.1	9.2	25.4	4.7	0.0	4.6	6.6
Russell 2000® Growth	13.3	0.7	14.8	28.4	7.7	4.2	6.9	6.0
<b>INT'L EQUITY</b>								
GMO Intrinsic Value	7.1	-7.7	1.1	13.9	-4.9	-4.6	-	-
William Blair	14.3	-1.4	-	-	-	-	-	-
<b>Total Int'l Equities</b>	<b>10.7</b>	<b>-4.6</b>	<b>2.2</b>	<b>14.4</b>	<b>-5.7</b>	<b>-4.9</b>	<b>3.1</b>	<b>5.4</b>
Median Int'l Equity	11.9	-5.7	3.6	19.4	-1.1	-0.5	5.7	7.6
MSCI EAFE Index	11.0	-5.3	2.5	17.7	-3.2	-3.0	3.7	6.2
MSCI ACWI ex-US	11.3	-6.7	2.9	19.7	-2.0	-1.1	5.5	7.7
MSCI ACWI ex-US Value	10.8	-7.6	1.8	20.1	2.0	-1.8	5.2	8.4
MSCI ACWI ex-US Growth	11.9	-6.1	3.9	19.2	-2.1	-0.5	5.8	7.0
<b>GLOBAL EQUITY</b>								
J.P. Morgan	13.6	-0.8	-	-	-	-	-	-
First Eagle	8.9	-	-	-	-	-	-	-
Tradewinds	2.3	-	-	-	-	-	-	-
<b>Total Global Equities</b>	<b>8.4</b>	<b>-2.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Median Global Equity	11.4	-3.9	6.3	22.4	-0.7	1.5	-	-
MSCI ACWI Index	11.9	-0.7	6.4	20.8	0.1	-0.2	4.6	0.0
MSCI World Index	14.5	3.7	8.7	21.9	1.2	0.4	4.9	5.5
<b>DOMESTIC FIXED INCOME</b>								
AFL-CIO Housing	0.2	7.2	6.0	5.9	6.0	6.2	5.7	5.8
Goldman Sachs	1.4	8.3	6.8	7.8	-	-	-	-
Torchlight II	3.7	6.0	25.6	29.9	-2.3	-10.8	-	-
Torchlight III	4.9	4.6	3.3	10.5	-	-	-	-
Lord Abbett	2.0	6.6	7.8	11.1	-	-	-	-
Allianz Global Investors	4.8	6.0	10.8	20.1	20.1	10.9	8.3	8.5
PIMCO	1.9	5.7	6.3	10.1	7.0	7.4	6.7	-
Workout (GSAM)	2.5	-0.7	7.7	21.4	-	-	-	-
<b>Total Domestic Fixed</b>	<b>2.4</b>	<b>7.4</b>	<b>8.0</b>	<b>11.7</b>	<b>6.8</b>	<b>6.0</b>	<b>6.1</b>	<b>6.4</b>
Median Fixed Income	1.3	6.7	6.6	8.5	6.5	6.6	6.2	6.2
Median High Yield Mgr.	5.3	5.1	9.1	20.6	8.8	6.2	6.9	7.7
Barclays Universal	0.9	7.6	6.7	7.9	6.1	6.2	5.9	6.1
Barclays Aggregate	0.3	7.7	6.4	6.8	5.9	6.3	5.7	5.8
Merrill Lynch HY II	5.2	5.6	9.8	23.8	10.9	7.9	8.3	9.0
Merrill Lynch BB/B	4.4	6.2	9.9	20.1	9.5	7.1	7.6	8.0
T-Bills	0.0	0.1	0.1	0.1	0.4	1.2	2.1	1.9
<b>GLOBAL FIXED INCOME</b>								
Lazard Asset Mgmt	1.8	4.5	7.4	10.2	-	-	-	-
Barclays Global Aggregate	0.9	5.3	6.2	7.5	4.3	6.4	5.3	-

Note: Returns for periods longer than one year are annualized.

**AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2012**

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>ALTERNATIVE INVESTMENTS*</b>								
Adams Street**	3.7 %	10.8 %	14.2 %	13.2 %	3.0 %	5.5 %	9.5 %	7.2 %
Bay Area Equity Fund**	20.2	65.1	58.4	39.5	27.9	31.9	22.0	-
Carpenter Bancfund**	11.4	12.5	7.4	3.3	-8.9	-	-	-
Energy Investor Fund**	-10.7	-13.1	-20.2	-7.7	7.5	29.1	28.2	-
Energy Investor Fund II**	-3.8	3.9	2.1	1.5	2.0	4.7	-	-
Energy Investor Fund III**	10.0	-2.8	-6.8	-9.1	-5.0	-	-	-
Nogales**	2.0	8.9	14.1	13.1	-25.7	-31.4	-20.2	-
Paladin III	0.7	27.8	13.8	14.7	5.9	-	-	-
Pathway**	4.3	10.2	10.7	11.6	1.2	6.0	12.6	9.1
<b>Total Alternative</b>	<b>4.0</b>	<b>10.7</b>	<b>9.4</b>	<b>8.3</b>	<b>3.0</b>	<b>5.5</b>	<b>9.9</b>	<b>8.0</b>
S&P 500 + 400 bps	13.7	12.9	16.5	28.3	8.0	6.1	8.9	8.3
<b>REAL ESTATE*</b>								
Adelante Capital REIT	10.7	13.0	19.3	43.3	2.2	-2.5	7.0	-
DLJ RECP II**	7.0	10.7	15.3	-3.1	-8.0	-3.4	7.6	12.5
DLJ RECP III**	3.4	4.0	2.7	-7.7	-8.1	-3.9	-	-
DLJ RECP IV**	-1.1	4.5	10.7	-10.7	-	-	-	-
Long Wharf II	1.4	9.0	10.3	-5.4	-20.6	-15.9	-8.5	-
Long Wharf III	0.6	15.0	24.6	-21.1	-22.3	-	-	-
Invesco Fund I	1.0	26.4	26.5	-4.8	-10.4	-7.8	-1.1	-
Invesco Fund II	0.4	30.4	53.9	-4.8	-39.4	-	-	-
Invesco Int'l REIT	15.0	-4.1	4.2	19.8	-	-	-	-
Willows Office Property	2.2	6.2	-24.5	-15.7	-11.3	-2.1	0.4	0.9
<b>Total Real Estate</b>	<b>5.9</b>	<b>10.2</b>	<b>15.7</b>	<b>20.2</b>	<b>-3.1</b>	<b>-4.1</b>	<b>4.9</b>	<b>8.2</b>
Median Real Estate	3.3	12.3	15.6	4.3	-3.4	-1.0	5.9	8.0
Real Estate Benchmark	4.8	14.0	16.3	16.4	3.0	3.2	8.3	9.6
Wilshire REIT	10.8	13.4	19.1	44.7	4.5	-0.7	7.7	10.4
NCREIF Property Index	2.6	13.4	14.7	6.0	0.4	2.9	7.1	8.2
NCREIF Index + 300 bps	3.3	16.7	18.0	9.1	3.4	6.0	10.3	11.4
NCREIF Index + 500 bps	3.8	18.9	20.3	11.2	5.4	8.0	12.4	13.5
<b>CCCERA Total Fund</b>	<b>8.0 %</b>	<b>5.7 %</b>	<b>9.9 %</b>	<b>17.5 %</b>	<b>3.9 %</b>	<b>2.8 %</b>	<b>6.1 %</b>	<b>6.4 %</b>
CPI + 400 bps	2.7	6.8	6.8	6.7	5.9	6.4	6.6	6.9
Policy Benchmark	8.2	6.6	10.3	-	-	-	-	-

*See also IRRs on closed end funds (some fixed income, alternatives and real estate) on Page 15.*

*\*\* Performance as of December 31, 2011.*

**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2012**

<b>DOMESTIC EQUITY</b>	<b>YTD</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Delaware</b>	<b>16.3 %</b>	<b>8.9 %</b>	<b>14.7 %</b>	<b>43.9 %</b>	<b>-42.6 %</b>	<b>13.6 %</b>	<b>3.2 %</b>
<i>Rank vs Equity</i>	11	3	70	10	81	15	91
<i>Rank vs Lg Growth</i>	37	2	62	11	76	33	74
<b>Emerald Advisors</b>	<b>21.0</b>	<b>-0.6</b>	<b>30.5</b>	<b>33.2</b>	<b>-36.5</b>	<b>3.2</b>	<b>13.8</b>
<i>Rank vs Equity</i>	1	53	7	36	41	64	56
<i>Rank vs Sm Cap Growth</i>	2	45	31	54	35	48	39
<b>Ceredex</b>	<b>12.1</b>	-	-	-	-	-	-
<i>Rank vs Equity</i>	57	-	-	-	-	-	-
<i>Rank vs Sm Cap Value</i>	50	-	-	-	-	-	-
<b>Intech - Enhanced Plus</b>	<b>10.9</b>	<b>4.0</b>	<b>15.7</b>	<b>25.7</b>	<b>-37.0</b>	<b>7.4</b>	<b>14.4</b>
<i>Rank vs Equity</i>	69	15	58	70	48	36	54
<i>Rank vs Lg Core</i>	82	12	33	75	53	79	80
<b>Intech - Large Cap Core</b>	<b>10.2</b>	<b>3.7</b>	<b>15.0</b>	<b>24.6</b>	<b>-36.2</b>	<b>7.0</b>	-
<i>Rank vs Equity</i>	73	17	68	75	37	38	-
<i>Rank vs Lg Core</i>	83	17	66	85	27	-	-
<b>PIMCO Stocks Plus</b>	<b>14.2</b>	<b>2.3</b>	<b>19.2</b>	<b>37.3</b>	<b>-43.5</b>	<b>5.0</b>	<b>15.7</b>
<i>Rank vs Equity</i>	25	23	40	23	85	56	43
<i>Rank vs Lg Core</i>	14	24	6	6	97	68	64
<b>Robeco Boston Partners</b>	<b>15.0</b>	<b>0.9</b>	<b>13.4</b>	<b>27.3</b>	<b>-33.2</b>	<b>4.3</b>	<b>20.2</b>
<i>Rank vs Equity</i>	17	42	78	57	22	60	12
<i>Rank vs Lg Value</i>	3	43	60	27	16	24	36
<b>Wentworth, Hauser</b>	<b>16.1</b>	<b>-2.8</b>	<b>13.5</b>	<b>35.2</b>	<b>-34.8</b>	<b>6.6</b>	<b>7.2</b>
<i>Rank vs Equity</i>	12	67	77	30	29	40	83
<i>Rank vs Lg Core</i>	2	90	83	8	16	36	98
<b>Total Domestic Equities</b>	<b>14.9</b>	<b>1.1</b>	<b>17.8</b>	<b>30.8</b>	<b>-37.5</b>	<b>6.5</b>	<b>13.5</b>
<i>Rank vs Equity</i>	17	39	45	43	55	40	60
Median Equity	12.6	0.0	17.1	29.0	-37.0	5.5	15.0
S&P 500	12.6	2.1	15.1	26.5	-37.0	5.5	15.8
Russell 3000®	12.9	1.0	16.9	28.3	-37.3	5.1	15.7
Russell 1000® Value	11.1	0.4	15.5	19.7	-36.9	-0.2	22.2
Russell 1000® Growth	14.7	2.6	16.7	37.2	-38.4	11.8	9.1
Russell 2000®	12.4	-4.2	26.9	27.2	-33.8	-1.6	18.4
Rothschild Benchmark	11.6	-5.5	24.9	27.7	-32.0	-7.3	20.2
Russell 2000® Growth	13.3	-2.9	29.1	34.5	-38.5	7.1	13.4
<b>INT'L EQUITY</b>							
<b>GMO</b>	<b>7.3</b>	<b>-9.8</b>	<b>8.3</b>	<b>19.3</b>	<b>-38.4</b>	<b>10.6</b>	<b>26.2</b>
<i>Rank vs Int'l Eq</i>	88	22	76	92	18	60	44
<b>William Blair</b>	<b>14.4</b>	<b>-13.2</b>	-	-	-	-	-
<i>Rank vs Int'l Eq</i>	15	49	-	-	-	-	-
<b>Total Int'l Equities</b>	<b>10.9</b>	<b>-11.5</b>	<b>8.3</b>	<b>23.3</b>	<b>-44.1</b>	<b>15.3</b>	<b>26.6</b>
<i>Rank vs Int'l Eq</i>	69	34	76	83	55	36	41
Median Int'l Equity	11.9	-13.3	12.0	36.1	-43.4	11.9	25.9
MSCI EAFE Index	11.0	-11.7	8.2	32.5	-43.1	11.6	26.9
MSCI ACWI ex-US	11.3	-13.3	11.6	42.1	-45.2	17.1	27.2
MSCI EAFE Value Index	9.9	-11.6	3.3	34.3	-43.7	6.5	31.1
MSCI ACWI ex-US Growth	11.9	-14.1	14.8	39.2	-45.4	21.4	24.0

## YEAR BY YEAR PERFORMANCE STATISTICS

### Performance through First Quarter, 2012

	<u>YTD</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>GLOBAL EQUITY</b>							
J.P. Morgan Global	13.7 %	-9.0 %	- %	- %	- %	- %	- %
<i>Rank vs Global Eq</i>	18	33	-	-	-	-	-
First Eagle	9.1	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	69	-	-	-	-	-	-
Tradewinds	2.4	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	97	-	-	-	-	-	-
Total Global Equity	8.5	-5.6	-	-	-	-	-
<i>Rank vs Global Eq</i>	80	13	-	-	-	-	-
Median Global Equity	11.4	-12.5	-	-	-	-	-
MSCI ACWI Index	12.0	-6.9	-	-	-	-	-
MSCI World Index	14.5	-5.0	-	-	-	-	-
<b>DOMESTIC FIXED INCOME</b>							
AFL-CIO Housing	0.3	8.3	6.5	6.7	5.7	7.1	5.1
<i>Rank vs Fixed Income</i>	79	17	62	61	25	34	28
Goldman Sachs Core	1.5	7.6	7.6	9.8	-	-	-
<i>Rank vs Fixed Income</i>	46	29	42	39	-	-	-
Torchlight II	4.6	24.0	41.9	16.4	-64.9	-6.6	-
<i>Rank vs Fixed Income</i>	78	1	1	97	99	100	-
Torchlight III	6.3	4.2	12.0	45.2	-	-	-
<i>Rank vs Fixed Income</i>	22	30	89	60	-	-	-
Lord Abbett	2.1	8.2	8.5	15.6	-	-	-
<i>Rank vs Fixed Income</i>	35	19	34	11	-	-	-
Allianz Global Investors	4.9	6.4	15.2	47.1	-20.0	7.1	10.2
<i>Rank vs. High Yield</i>	68	2	28	52	14	34	32
PIMCO	1.9	5.0	9.3	16.4	0.0	8.4	4.8
<i>Rank vs Fixed Income</i>	37	64	27	9	73	13	37
Workout (GSAM)	2.6	1.0	24.4	35.1	-	-	-
<i>Rank vs Fixed Income</i>	30	90	1	1	-	-	-
Total Domestic Fixed	2.6	7.2	10.6	17.8	-8.1	5.8	7.5
<i>Rank vs Fixed Income</i>	30	35	20	6	92	62	11
Median Fixed Income	1.3	6.2	7.0	8.3	3.9	6.5	4.5
Median High Yield Mgr.	5.3	3.3	14.1	47.3	-24.9	6.5	9.0
Barclays Universal	0.9	7.4	7.2	8.6	2.4	6.5	5.0
Barclays Aggregate	0.3	7.8	6.5	5.9	5.2	7.0	4.3
ML High Yield II	5.2	4.4	15.2	57.5	-26.2	2.1	11.7
T-Bills	0.0	0.1	0.1	0.2	2.1	5.0	4.8
<b>Global Fixed Income</b>							
Lazard Asset Mgmt	1.8	5.6	8.8	11.3	-0.4	-	-
<i>Rank vs. Global Fixed</i>	63	21	31	54	31	-	-
Barclays Global Aggregate	0.9	5.6	5.5	6.9	4.8	-	-
<b>ALTERNATIVE INVESTMENTS</b>							
Adams Street**	4.2	18.0	16.3	-6.9	-4.9	27.9	23.5
Bay Area Equity Fund**	20.9	67.4	42.6	0.2	24.4	63.6	-6.5
Carpenter Bancfund	12.0	7.1	2.3	7.1	-	-	-
Energy Investor Fund**	-10.3	-16.1	10.5	90.3	220.5	2.2	12.7
Energy Investor Fund II**	-3.3	7.2	4.1	0.4	19.7	12.5	-
Energy Investor Fund III**	11.5	-5.3	-14.5	11.0	108.9	-	-
Nogales**	2.0	16.1	28.1	-47.7	-51.4	21.2	11.0
Paladin III**	0.7	24.6	9.9	10.1	-10.9	-	-
Pathway**	4.8	12.8	15.8	-9.0	-6.6	50.4	21.4
Total Alternative	4.7	13.4	10.5	-1.5	1.8	28.0	19.2
S&P 500 + 400 bps	13.7	6.2	19.6	31.4	-34.4	9.7	19.8

See also IRRs on closed end funds (some fixed income, alternatives and real estate) on Page 15.

\*\* Performance as of December 31, 2011

*This page intentionally left blank.*



**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through First Quarter, 2012**

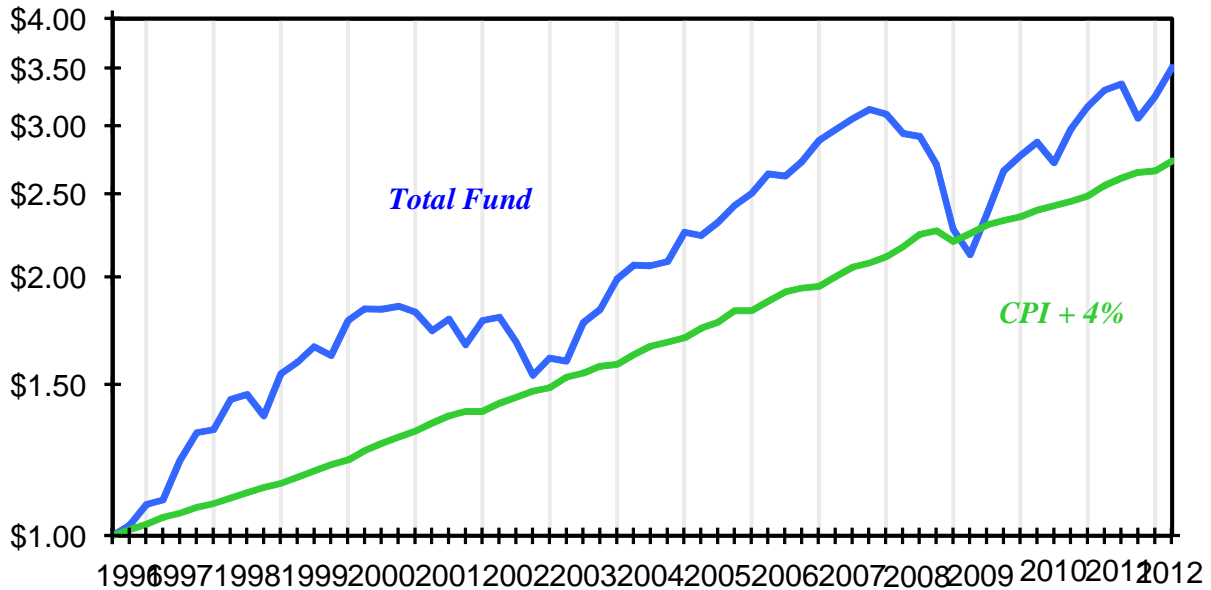
	<u>YTD</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>REAL ESTATE</b>							
Adelante Capital REIT	10.9 %	9.2 %	31.2 %	29.3 %	-44.8 %	-16.9 %	38.2 %
<i>Rank</i>	22	28	11	48	65	55	13
DLJ RECP I**	0.0	1.1	-2.3	-3.1	39.0	34.2	41.2
<i>Rank</i>	89	80	88	27	1	2	6
DLJ RECP II**	7.0	11.4	-7.2	-30.5	4.0	34.8	35.7
<i>Rank</i>	31	50	92	74	12	1	17
DLJ RECP III**	3.4	0.3	-15.0	-15.4	1.7	30.5	10.2
<i>Rank</i>	41	80	95	32	16	2	79
DLJ RECP IV**	-1.1	23.5	-12.5	-53.5	-	-	-
<i>Rank</i>	92	5	94	100	-	-	-
Long Wharf II	1.5	11.8	10.0	-40.0	-41.9	5.0	16.5
<i>Rank</i>	76	48	76	93	93	74	45
Long Wharf III	0.9	19.6	49.5	-71.2	-10.7	-	-
<i>Rank</i>	80	12	1	100	58	-	-
Invesco Fund I	1.2	28.3	32.8	-49.2	-23.2	10.4	38.1
<i>Rank</i>	79	3	1	98	78	63	10
Invesco Fund II	0.6	34.9	96.4	-72.8	-81.3	-	-
<i>Rank</i>	82	1	1	100	100	-	-
Invesco Intl REIT	15.2	-16.5	14.6	39.6	-	-	-
<i>Rank</i>	1	100	100	8	-	-	-
Willows Office Property	2.3	6.1	-46.7	4.9	3.7	44.5	7.4
<i>Rank</i>	67	74	99	24	13	1	87
Total Real Estate	6.0	10.4	21.0	-0.5	-34.2	-3.0	33.8
<i>Rank</i>	33	51	17	26	83	82	20
Median Real Estate	3.3	11.4	16.0	-28.7	-10.4	13.9	15.6
Real Estate Benchmark	4.8	13.5	17.3	-3.3	-15.2	6.3	-
DJ Wilshire REIT Index	10.8	9.2	28.6	28.6	-39.2	-17.6	36.0
NCREIF Property Index	2.6	14.3	13.1	-16.9	-6.5	15.8	16.6
<b>OPPORTUNISTIC</b>							
Goldman Sachs	3.4	-8.0	-	-	-	-	-
Oaktree PIF 2009	3.0	4.6	-	-	-	-	-
Total Opportunistic	3.8	-6.6	-	-	-	-	-
CCCERA Total Fund	8.1	2.7	14.0	21.9	-26.5	7.3	15.3
<i>Rank vs. Total Fund</i>	32	21	22	32	68	45	13
<i>Rank vs. Public Fund</i>	38	13	25	26	74	42	11
Median Total Fund	7.2	0.8	12.2	18.4	-23.0	7.1	12.0
Median Public Fund	7.7	1.1	12.2	18.1	-22.9	6.9	11.9
CPI + 400 bps	2.7	7.1	5.6	6.9	4.2	8.3	6.6
Policy Benchmark	8.2	2.8	14.1	-	-	-	-

\*\* Performance as of December 31, 2011.

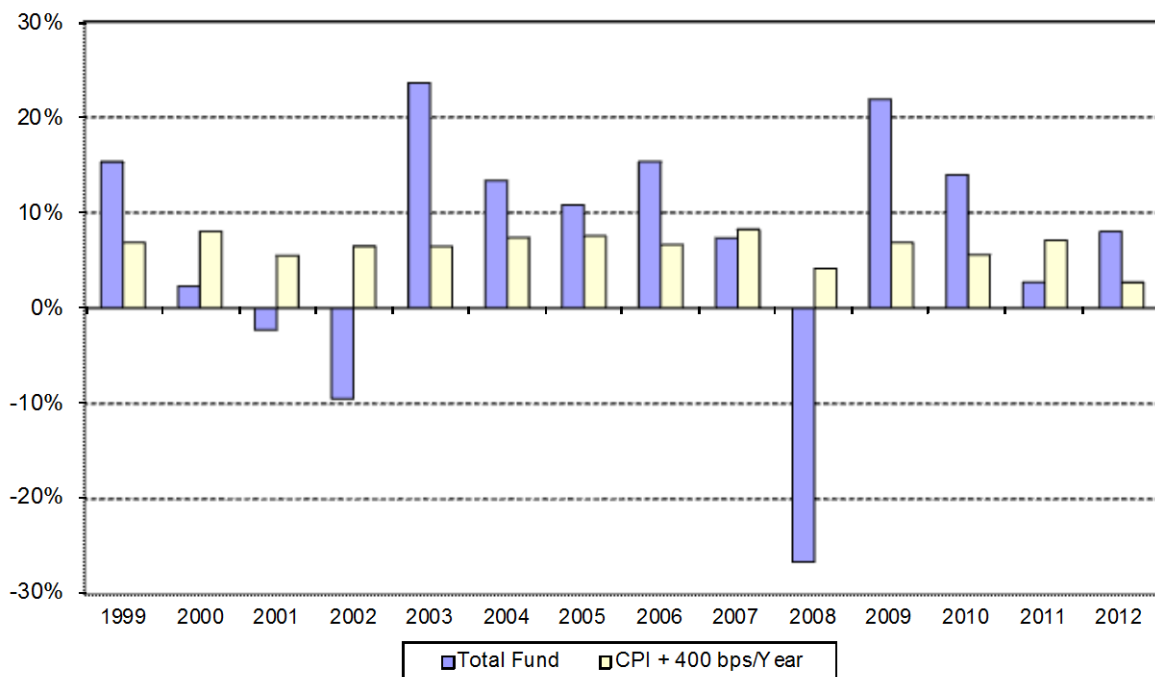
# TOTAL FUND PERFORMANCE

## Total Fund

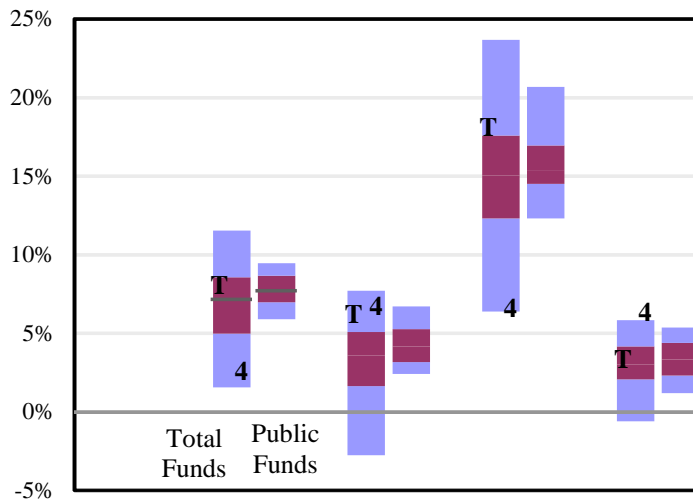
### Total Fund vs. CPI + 4% per Year Cumulative Value of \$1 (Gross of Fees)



### Total Fund vs. CPI plus 400 bps/Year Year by Year Performance



## Total Fund



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Fund (T)	8.1	6.3	18.2	3.4
Rank v. Total Fd	32	13	21	41
Rank v. Public Fd	38	11	18	51
CPI + 4% (4)	2.7	6.8	6.7	6.4
Policy Benchmark	8.2	6.6	-	-
Total Fund Median	7.2	3.6	15.0	2.1
Total Public Median	7.7	4.2	15.4	3.4

CCCERA Total Fund returned 8.1% in the first quarter, which was better than the 7.2% return of the median total fund and the 7.7% return of the median total public fund. For the one-year period, the Total Fund returned 6.3%, better than the 3.6% for the median total fund and 4.2% for the median public fund. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a slightly higher risk level over the past five years. However, the CCCERA Total Fund did not exceed the CPI plus 400 basis points over the past five years.

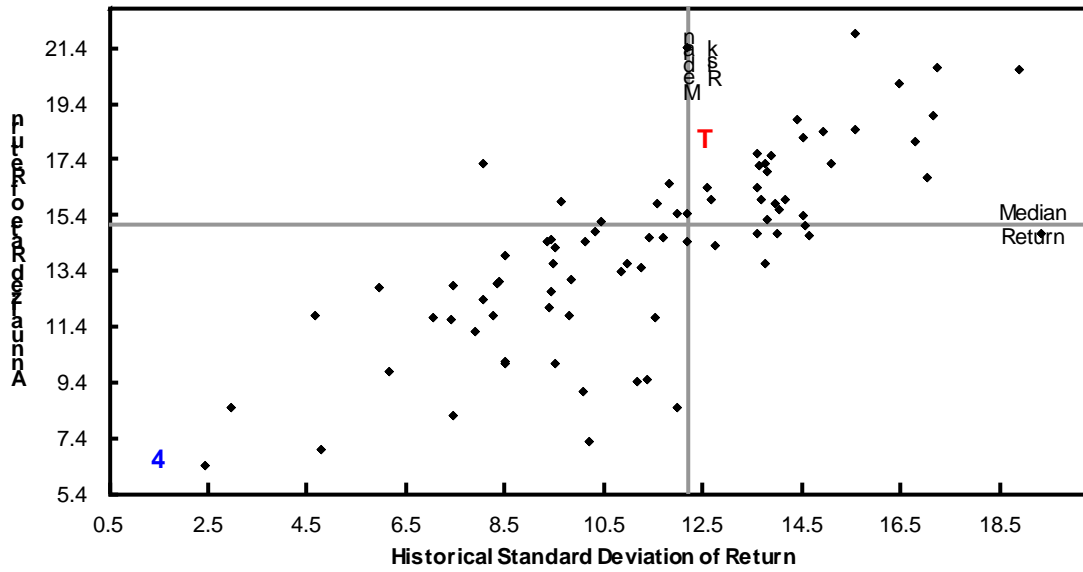
Please note that the Total Fund Policy Benchmark shown above was constructed by weighting the various asset class benchmarks by their target allocations.

- From the 3<sup>rd</sup> quarter of 2009 through the 1<sup>st</sup> quarter of 2010, the benchmark was 40.6% Russell 3000, 10.4% MSCI EAFE (Gross), 25% Barclays U.S. Aggregate, 3% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 5% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.
- From the 2<sup>nd</sup> quarter of 2010 through the 1<sup>st</sup> quarter of 2011, the benchmark was 35.6% Russell 3000, 10.4% MSCI EAFE (Gross), 5% MSCI ACWI (Net), 25% Barclays U.S. Aggregate, 3% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 5% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.
- From the 2<sup>nd</sup> quarter of 2011 through the present, the benchmark is 31% Russell 3000, 10.4% MSCI EAFE (Gross), 9.6% MSCI ACWI (Net), 25% Barclays U.S. Aggregate, 3% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 5% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.

# TOTAL FUND PERFORMANCE

## Performance and Variability

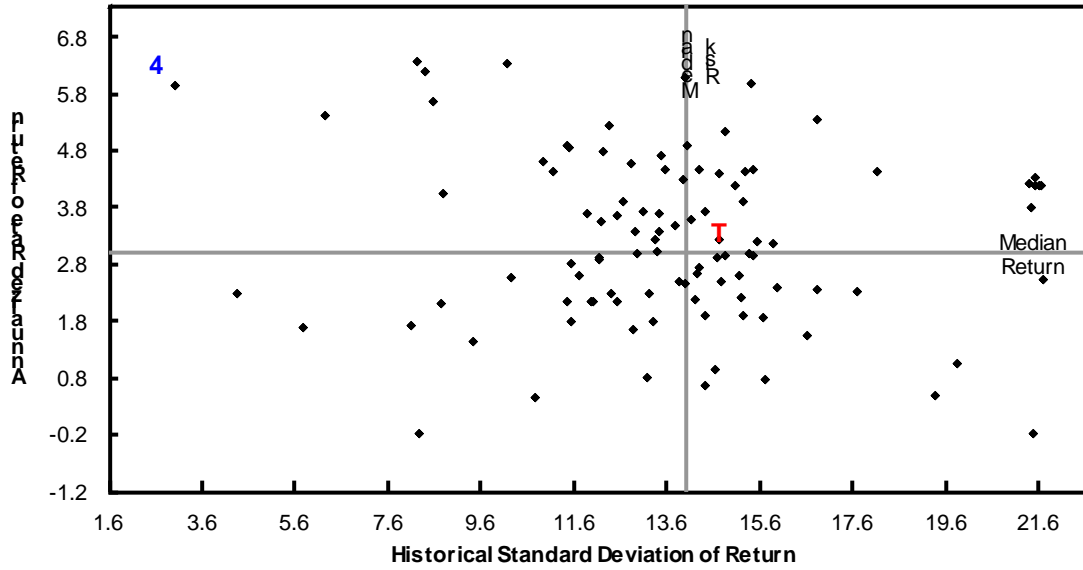
Three Years Ending March 31, 2012



	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Total Fund ( <b>T</b> )	18.2 %	12.6 %	1.44
CPI + 4% ( <b>4</b> )	6.7	1.5	4.40
Median Fund	15.0	12.2	1.22

## Performance and Variability

*Five Years Ending March 31, 2012*

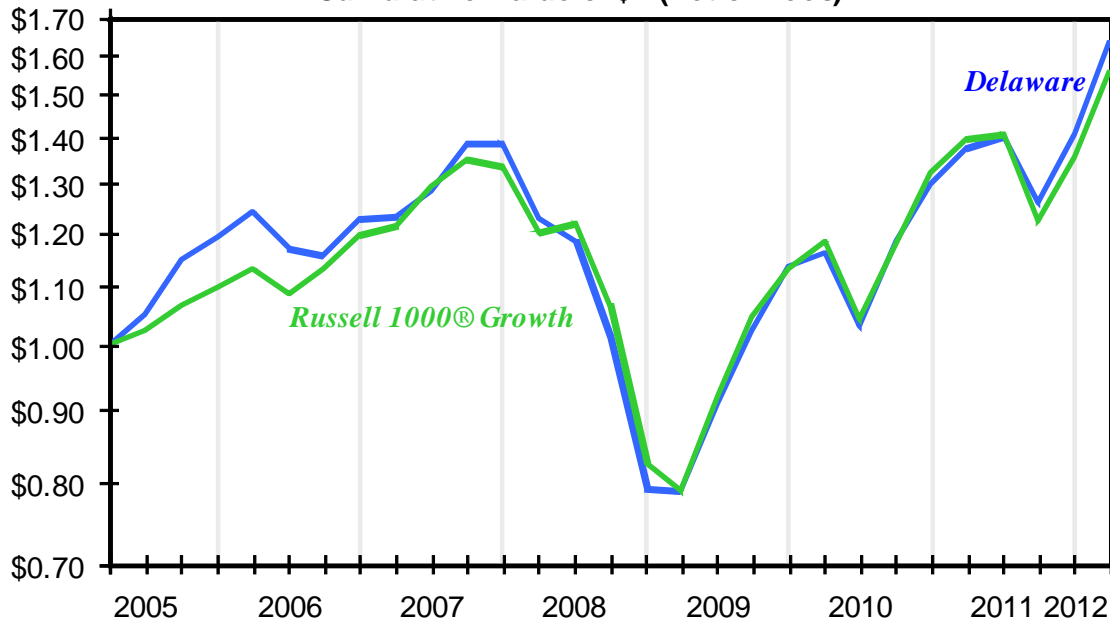


	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Total Fund ( <b>T</b> )	3.4 %	14.8 %	0.15
CPI + 4% ( <b>4</b> )	6.4	2.6	1.95
Median Fund	3.0	14.0	0.13

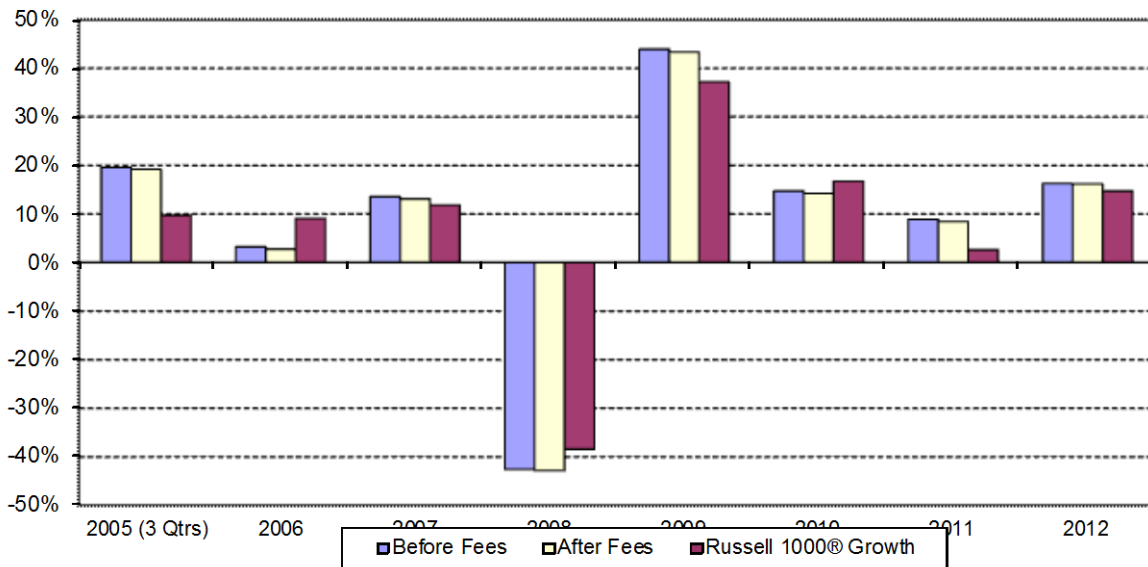
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Delaware**

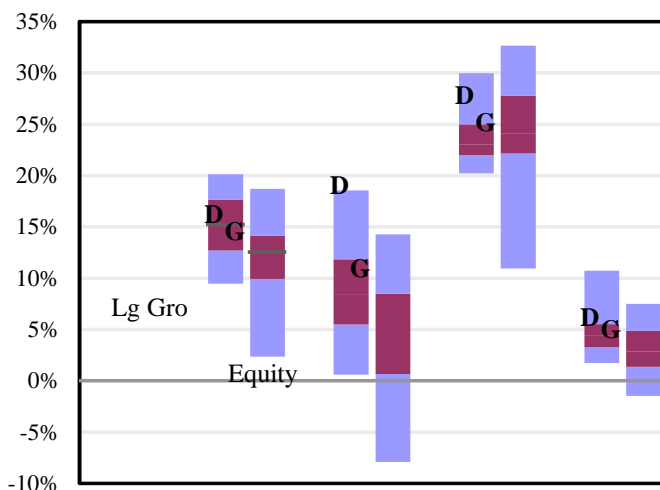
**Delaware vs. Russell 1000 Growth**  
Cumulative Value of \$1 (Net of Fees)



**Delaware vs. Russell 1000® Growth**  
Year by Year Performance



## Delaware



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Delaware (D)	16.3	19.2	27.9	6.3
Rank v. Lg Gro	37	4	9	16
Rank v. Equity	11	1	24	11
Ru 1000 Gro (G)	14.7	11.0	25.3	5.1
Lg Gro Median	15.2	8.4	23.0	4.4
Equity Median	12.6	4.8	24.1	2.9

<b>Portfolio Characteristics</b>	<b>Delaware</b>	<b>Russell 1000® Growth</b>
Eq Mkt Value (\$Mil)	309.64	N/A
Wtd. Avg. Cap (\$Bil)	87.76	119.8
Beta	0.97	1.00
Yield (%)	0.66	1.49
P/E Ratio	22.74	17.92
Cash (%)	0.4	0.0
Number of Holdings	29	589
Turnover Rate (%)	22.4	-

<b>Sector</b>	<b>Delaware</b>	<b>Russell 1000® Growth</b>
Energy	8.9 %	10.0 %
Materials	2.8	5.3
Industrials	4.0	12.5
Cons. Discretionary	13.6	14.5
Consumer Staples	1.7	12.0
Health Care	9.7	10.1
Financials	10.2	4.3
Info Technology	44.4	30.5
Telecom Services	4.7	0.8
Utilities	0.0	0.1

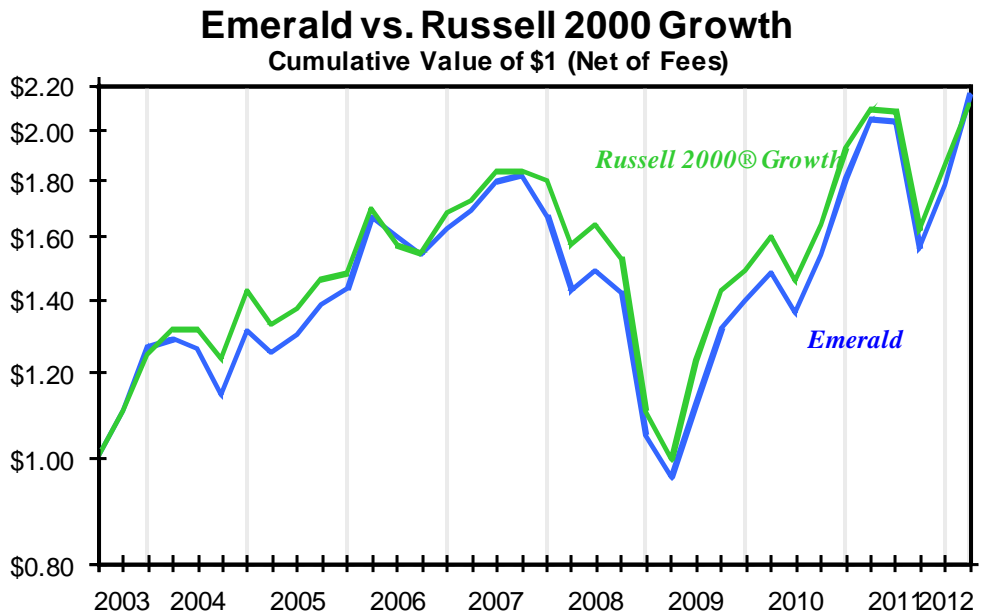
Delaware's return of 16.3% for the first quarter was better than the 14.7% return of the Russell 1000® Growth Index, and ranked in the 37<sup>th</sup> percentile in the universe of large growth equity managers. Over the past year, the portfolio returned 19.2%, exceeding the Russell 1000® Growth Index return of 11.0%, and ranked in the 4<sup>th</sup> percentile of large growth equity managers. Since inception performance slightly exceeds the Russell 1000® Growth Index, net of fees. Delaware is in compliance with CCCERA's performance objectives.

The portfolio (compared to the Russell 1000® Growth Index) had a below-index yield and an above-index P/E ratio as of quarter-end. It included 29 stocks, concentrated in the large and mid capitalization sectors. Delaware's largest economic sector over-weights relative to the Russell 1000® Growth Index were in the information technology, telecom and financials sectors, while the largest under-weights were in the consumer staples, industrials and materials sectors.

Delaware's first quarter performance relative to the Russell 1000® Growth Index was helped by sector allocation decisions but hurt by stock selection decisions. Sector allocation was strongest in the information technology and consumer staples sectors. The top performing holdings included Priceline.com (+53%), Apple (+48%) and Teradata Corp (+40%). The worst performing holdings included Apollo Group (-28%), Ctrip (-7%) and Google (-1%).

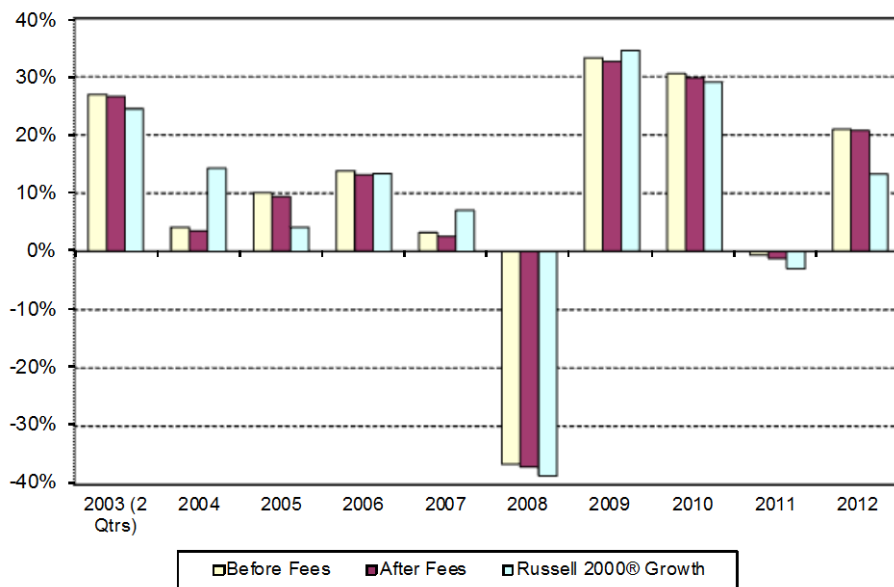
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Emerald**



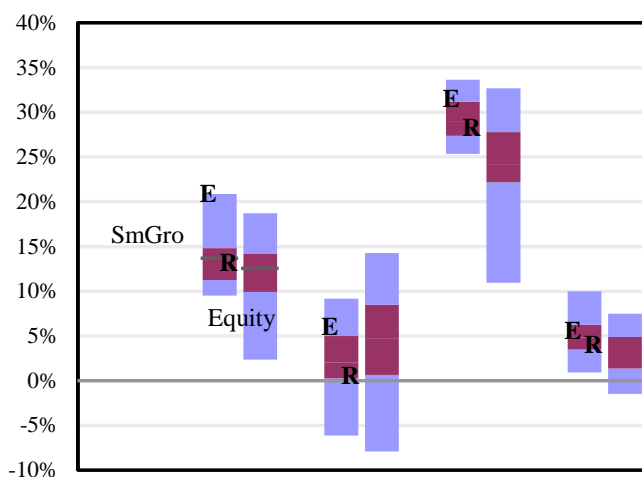
### Emerald vs. Russell 2000® Growth

Year by Year Performance





## Emerald



	Qtr	1 Year	3 Years	5 Years
Emerald (E)	21.0	6.1	31.6	5.7
Rank v. Sm Gro	2	15	20	32
Rank v. Equity	1	42	6	14
Ru 2000 Gro (R)	13.3	0.7	28.4	4.2
Sm Gro Median	13.7	2.0	29.0	4.8
Equity Median	12.6	4.8	24.1	2.9

Portfolio Characteristics	Emerald	Russell 2000@ Growth
Eq Mkt Value (\$Mil)	213.33	N/A
Wtd. Avg. Cap (\$Bil)	1.73	1.56
Beta	1.36	1.27
Yield (%)	0.16	0.72
P/E Ratio	44.25	32.64
Cash (%)	0.6	0.0
Number of Holdings	121	1,167
Turnover Rate (%)	77.6	-

Sector	Emerald	Russell 2000@ Growth
Energy	7.4 %	8.3 %
Materials	2.8	4.2
Industrials	14.2	16.6
Cons. Discretionary	25.4	15.2
Consumer Staples	0.9	4.1
Health Care	19.5	20.4
Financials	5.3	7.6
Info Technology	24.4	22.6
Telecom Services	0.0	1.0
Utilities	0.0	0.1

Emerald's return of 21.0% for the first quarter significantly exceeded the 13.3% return of the Russell 2000® Growth index and ranked in the 2<sup>nd</sup> percentile in the universe of small growth equity managers. For the one-year period, Emerald returned 6.1%, better than the 0.7% return of the Russell 2000® Growth, and ranked in the 15<sup>th</sup> percentile in the universe of small growth equity managers. Over the past five years Emerald has returned 5.7%, better than the index return of 4.2% and ranking in the 32<sup>nd</sup> percentile. Emerald is in compliance with some of CCCERA's performance objectives.

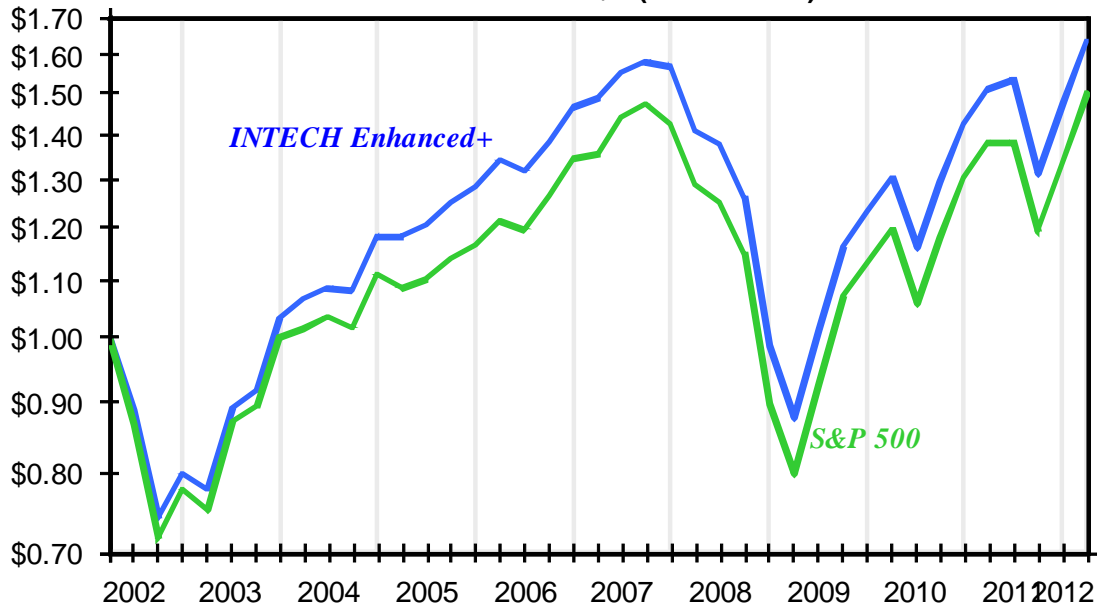
The portfolio has a below-index yield and an above-index P/E ratio. It includes 121 stocks, concentrated in the small capitalization sectors. Emerald's largest economic sector over-weights relative to the Russell 2000® Growth Index are in the consumer discretionary, information technology and utilities sectors. The largest under-weights are in the consumer staples, financials and industrials sectors.

Emerald's first quarter performance relative to the Russell 2000® Growth Index was helped by both stock selection and sector allocation decisions. Stock selection within the information technology and healthcare sectors was particularly strong during the quarter. The top performing holdings included Vivus (+129%), Cost Plus (+84%) and Franciscas Holdings (+83%). The worst performing holdings included Rex Energy (-28%), Neonode (-24%) and Interdigital (-20%).

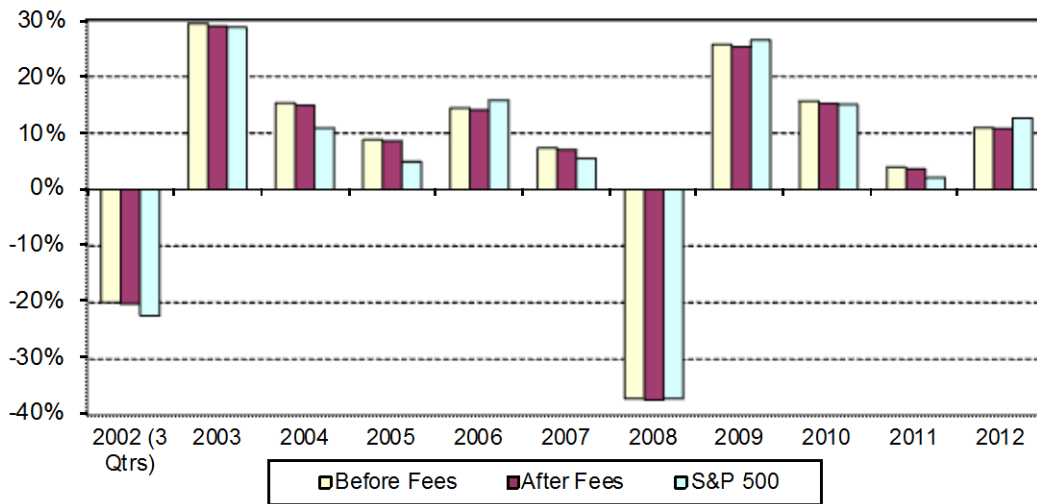
# MANAGER COMMENTS – DOMESTIC EQUITY

## Intech - Enhanced Plus

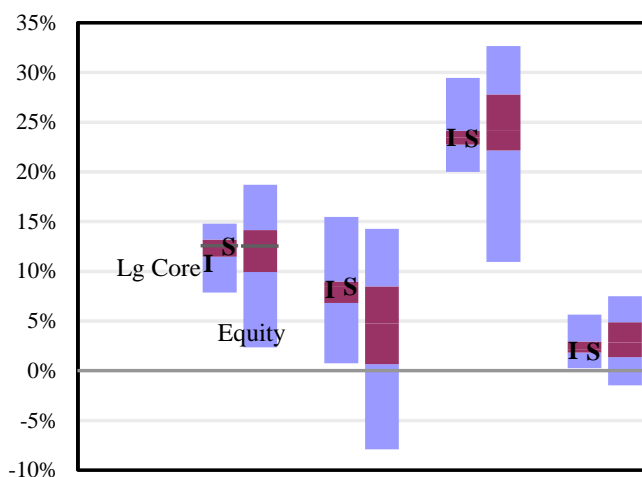
### INTECH Enhanced Plus vs. S&P 500 Cumulative Value of \$1 (Net of Fees)



### Intech Enhanced Plus vs. S&P 500 Year by Year Performance



## Intech - Enhanced Plus



	Qtr	1 Year	3 Years	5 Years
INTECH Enh+ (I)	10.9	8.2	23.5	2.2
Rank v. Lg Core	82	55	49	53
Rank v. Equity	69	27	58	60
S&P 500 (S)	12.6	8.5	23.4	2.0
Lg Core Median	12.6	8.5	23.5	2.2
Equity Median	12.6	4.8	24.1	2.9

Portfolio Characteristics	Intech - Enhanced Plus	
	Plus	S&P 500
Eq Mkt Value (\$Mil)	17.26	N/A
Wtd. Avg. Cap (\$Bil)	89.62	111.85
Beta	0.92	1.00
Yield (%)	2.07 %	2.05 %
P/E Ratio	16.62	16.13
Cash (%)	0.4 %	0.0 %
Number of Holdings	371	500
Turnover Rate (%)	75.5	-

Sector	Intech - Enhanced Plus	
	Plus	S&P 500
Energy	13.1 %	11.3 %
Materials	4.5	3.5
Industrials	8.0	10.6
Cons. Discretionary	15.4	11.0
Consumer Staples	11.0	10.8
Health Care	11.8	11.3
Financials	8.8	15.0
Info Technology	16.4	20.6
Telecom Services	3.3	2.8
Utilities	7.9	3.4

Intech's Enhanced Plus return of 10.9% for the first quarter was below the 12.6% return of the S&P 500, and ranked in the 82<sup>nd</sup> percentile in the universe of large core equity managers. For the one-year period, Intech returned 8.2%, trailing the 8.5% return of the S&P 500, and ranked in the 55<sup>th</sup> percentile. Over the past five years, Intech returned 2.2%, better than the 2.0% return of the S&P 500, and ranked in the 53<sup>rd</sup> percentile of large core equity managers. Intech Enhanced Plus is in compliance with CCCERA's performance objectives.

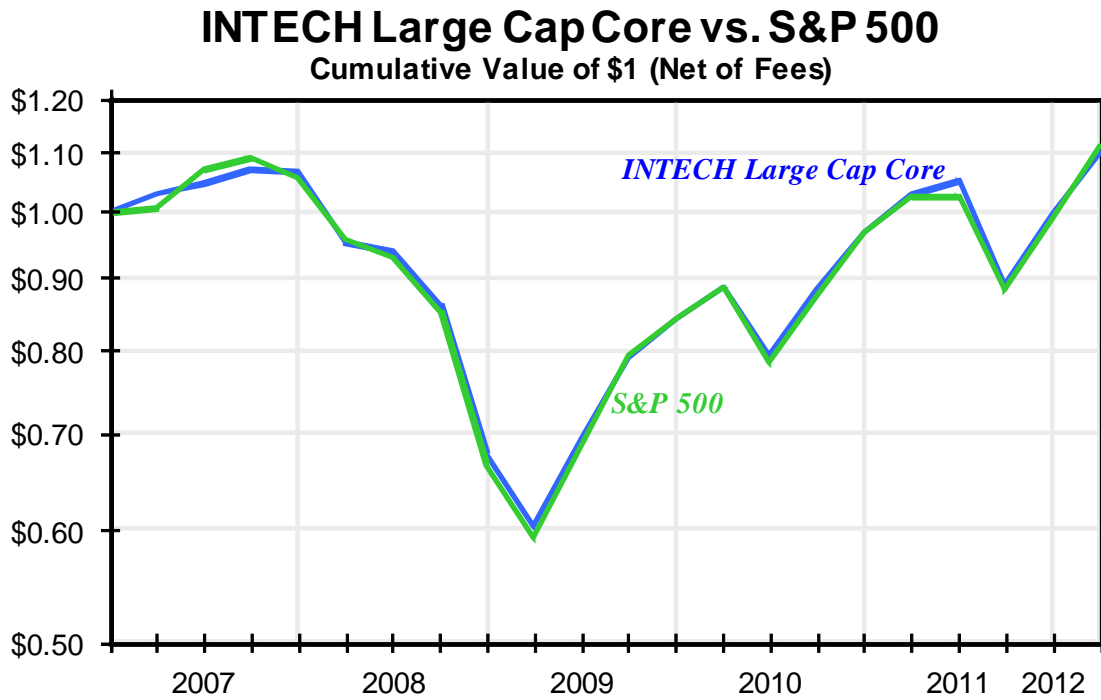
The portfolio has a near market beta of 0.92x, a nearly identical yield and a slightly higher P/E ratio. The portfolio has 371 holdings concentrated in large capitalization sectors. The largest economic sector over-weights were in the utilities, consumer discretionary and energy sectors, while largest under-weights were in the financials, information technology and industrials sectors.

The portfolio's first quarter performance relative to the S&P 500 was hurt by both stock selection and sector allocation decisions. The best performing portfolio stocks included Sears (+108%), Bank of America (+72%) and Netflix (+66%), while the worst performing holdings during the quarter included Sears Supervalu (-29%), Apollo Group (-28%) and Alpha Natural Resources (-26%).

This portfolio is being transitioned to another Intech strategy, global low-volatility.

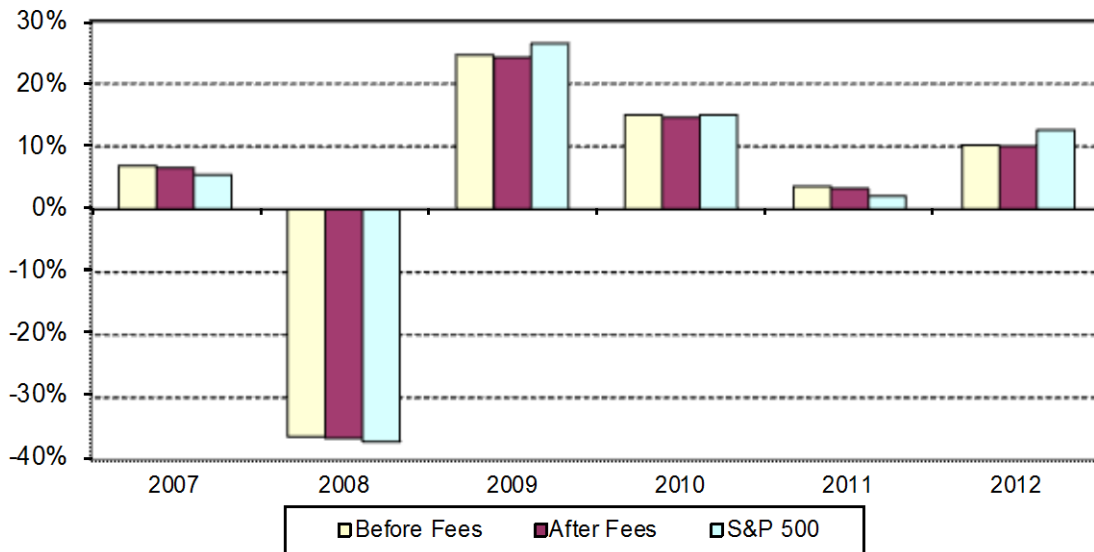
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Intech - Large Cap Core**

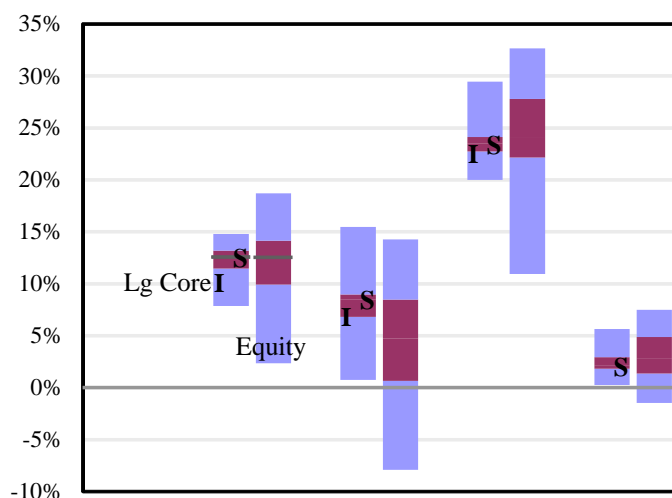


### Intech Large Cap Core vs. S&P 500

Year by Year Performance



## Intech - Large Cap Core



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Intech Lg Cap (I)	10.2	6.9	22.6	1.7
Rank v. Lg Core	83	74	76	77
Rank v. Equity	73	37	71	71
S&P 500 (S)	12.6	8.5	23.4	2.0
Lg Core Median	12.6	8.5	23.5	2.2
Equity Median	12.6	4.8	24.1	2.9

<b>Portfolio Characteristics</b>	<b>Intech - Large Cap</b>	<b>S&amp;P 500</b>
Eq Mkt Value (\$Mil)	179.61	N/A
Wtd. Avg. Cap (\$Bil)	70.88	111.85
Beta	0.89	1.00
Yield (%)	2.02 %	2.05 %
P/E Ratio	17.06	16.13
Cash (%)	0.4 %	0.0 %
Number of Holdings	303	500
Turnover Rate (%)	110.2	-

<b>Sector</b>	<b>Intech - Large Cap</b>	<b>S&amp;P 500</b>
Energy	13.5 %	11.3 %
Materials	4.3	3.5
Industrials	6.0	10.6
Cons. Discretionary	18.3	11.0
Consumer Staples	10.2	10.8
Health Care	14.4	11.3
Financials	5.5	15.0
Info Technology	14.6	20.6
Telecom Services	2.8	2.8
Utilities	10.4	3.4

Intech's Large Cap Core (the larger, more aggressive Intech portfolio) had a return of 10.2% for the first quarter, which was below the 12.6% return of the S&P 500 and ranked in the 83<sup>rd</sup> percentile in the universe of large core equity managers. Over the past five years, the portfolio has returned 1.7%, below the S&P 500 return of 2.0%, and ranked in the 77<sup>th</sup> percentile of large core equity managers. The Large Cap Core account is in compliance with some of CCCERA's performance objectives.

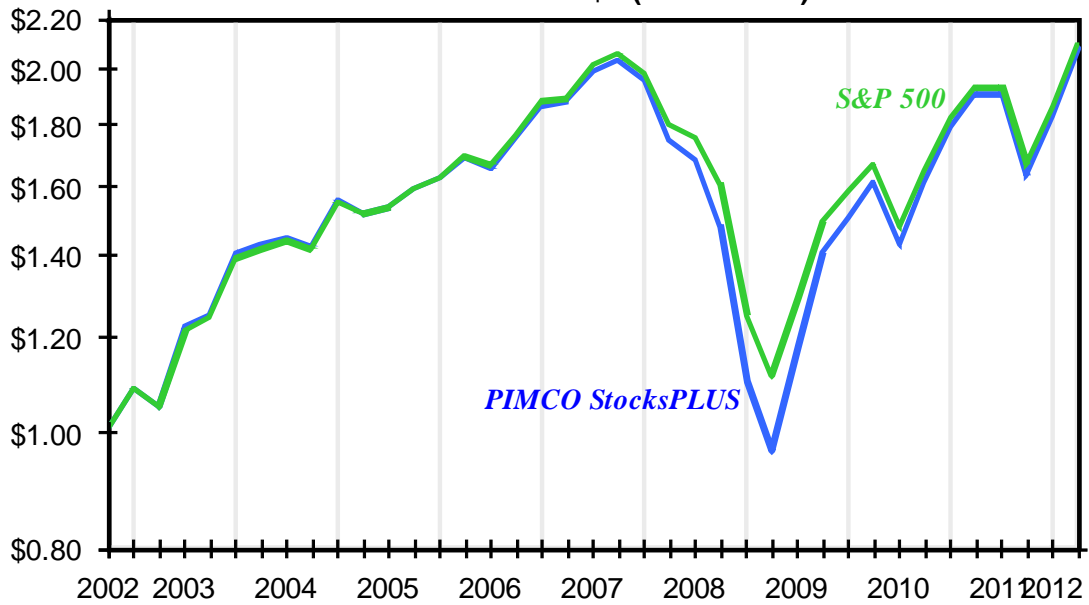
The Large Cap Core portfolio follows a somewhat more aggressive investment approach than the Intech Enhanced Plus portfolio. The portfolio has a beta of 0.89x, a slightly below-market yield and an above-market P/E ratio. The portfolio has 303 holdings concentrated in large capitalization sectors. The largest economic sector over-weights were in the health care, utilities and consumer discretionary sectors, while largest under-weights were in the financials, information technology and industrials sectors.

The portfolio's first quarter performance relative to the S&P 500 was hurt by both stock selection and sector allocation decisions. The best performing portfolio stocks included Sears (+108%), Bank of America (+72%) and Netflix (+66%), while the worst performing holdings during the quarter included Sears Supervalu (-29%), Apollo Group (-28%) and Alpha Natural Resources (-26%).

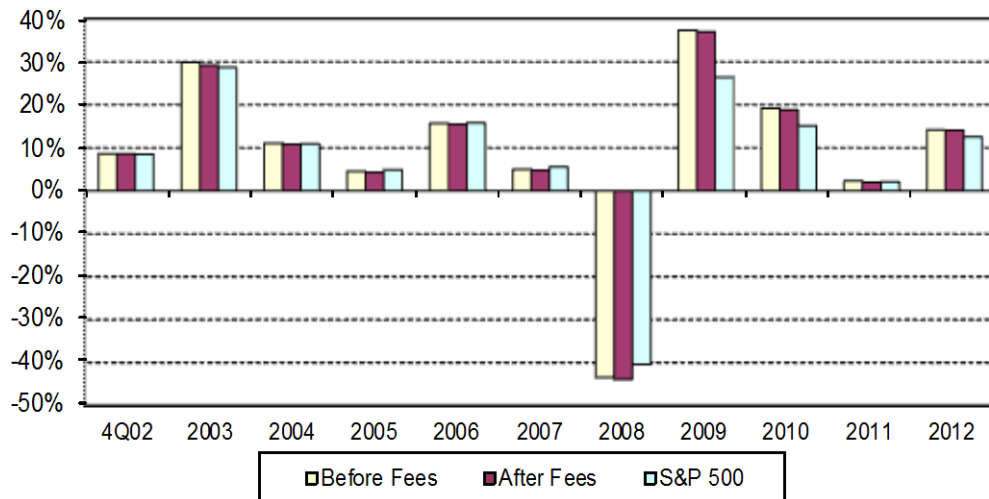
**MANAGER COMMENTS – DOMESTIC EQUITY**

**PIMCO StocksPLUS**

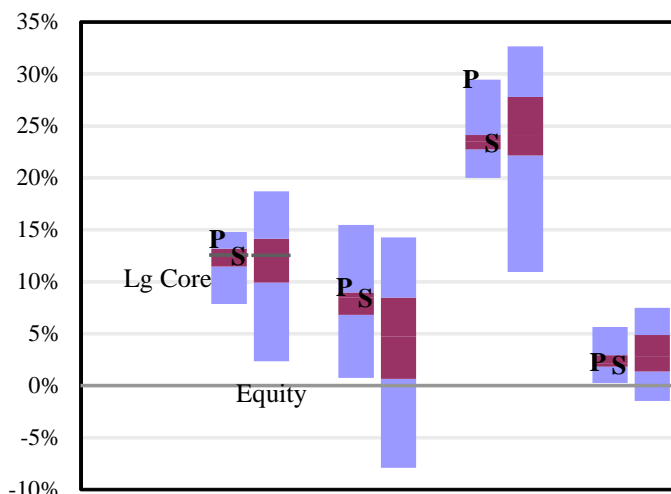
**PIMCO StocksPLUS vs. S&P 500**  
Cumulative Value of \$1 (Net of Fees)



**PIMCO vs. S&P 500**  
Year by Year Performance



## PIMCO StocksPLUS



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
PIMCO Stock+ (P)	14.2	9.6	29.6	2.4
Rank v. Lg Core	14	17	3	32
Rank v. Equity	25	16	14	54
S&P 500 (S)	12.6	8.5	23.4	2.0
Lg Core Median	12.6	8.5	23.5	2.2
Equity Median	12.6	4.8	24.1	2.9

### Portfolio

Characteristics	PIMCO	S&P 500
Eq Mkt Value (\$Mil)	164.9	N/A
Wtd. Avg. Cap (\$Bil)	*	111.85
Beta	*	1.00
Yield (%)	* %	2.05 %
P/E Ratio	*	16.13
Cash (%)	42.4 %	0.0 %
Number of Holdings	*	500
Turnover Rate (%)	1,536.8	-

### Sector

	PIMCO	S&P 500
Energy	* %	11.3 %
Materials	*	3.5
Industrials	*	10.6
Cons. Discretionary	*	11.0
Consumer Staples	*	10.8
Health Care	*	11.3
Financials	*	15.0
Info Technology	*	20.6
Telecom Services	*	2.8
Utilities	*	3.4

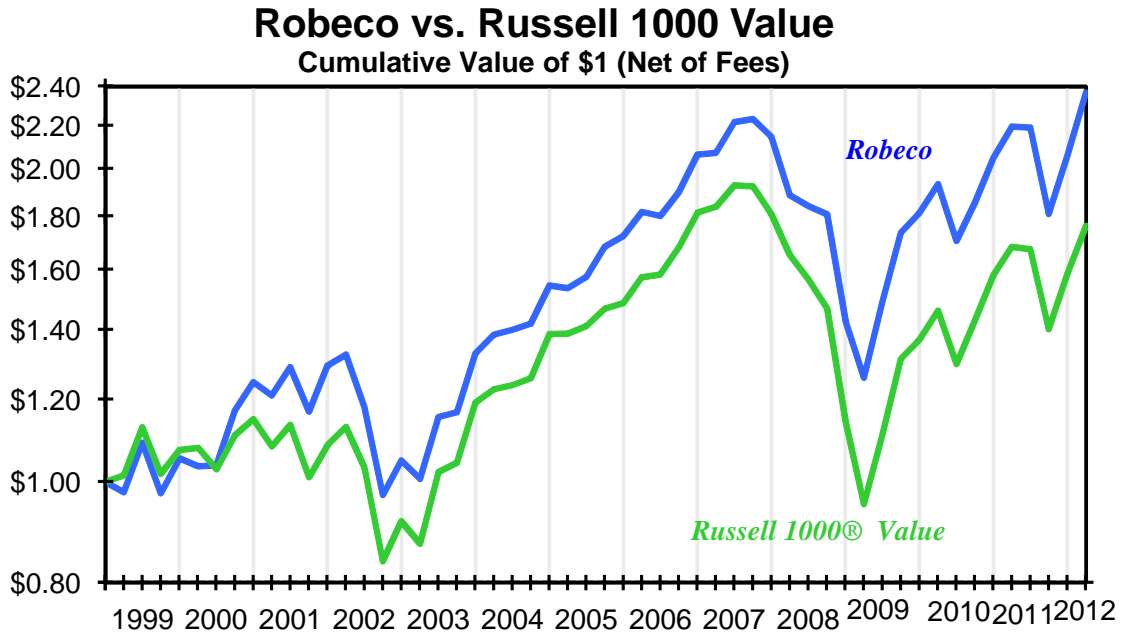
\*PIMCO manages a synthetic equity portfolio and does not hold any equity securities.

PIMCO's StocksPLUS (futures plus cash) portfolio returned 14.2% for the first quarter, better than the 12.6% return of the S&P 500, and ranked in the 14<sup>th</sup> percentile of large core managers. For the one-year period, PIMCO returned 9.6%, better than the 8.5% return of the S&P 500, and ranked in the 17<sup>th</sup> percentile. Over the past three and five years, the portfolio has exceeded the S&P 500 and ranked above the median large core manager. The portfolio is currently in compliance with the CCCERA performance guidelines.

Strategies that boosted PIMCO's first quarter returns included a yield advantage over money market rates, an emphasis on the bonds of banks, finance companies, and insurers, which outpaced the broader corporate market on robust fundamentals, holdings of agency mortgages, which outperformed like-duration Treasuries, and holdings of real return bonds, which outperformed nominal bonds as breakeven inflation levels widened. Currency strategies designed to benefit from a depreciation of the euro hurt performance as the euro appreciated against the US dollar. Additionally, the fund's US duration positioning hurt performance as interest rates rose.

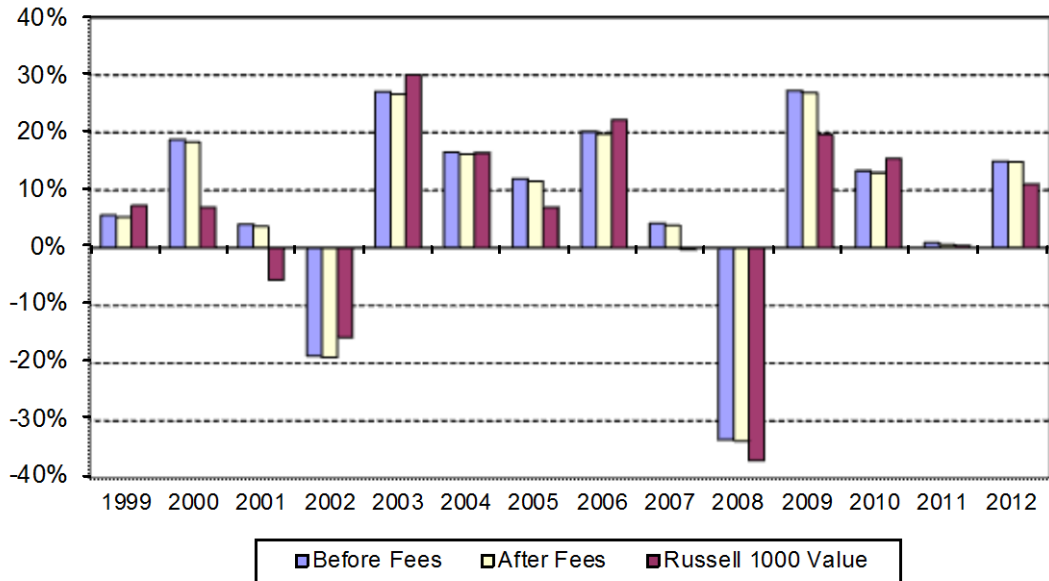
MANAGER COMMENTS – DOMESTIC EQUITY

Robeco



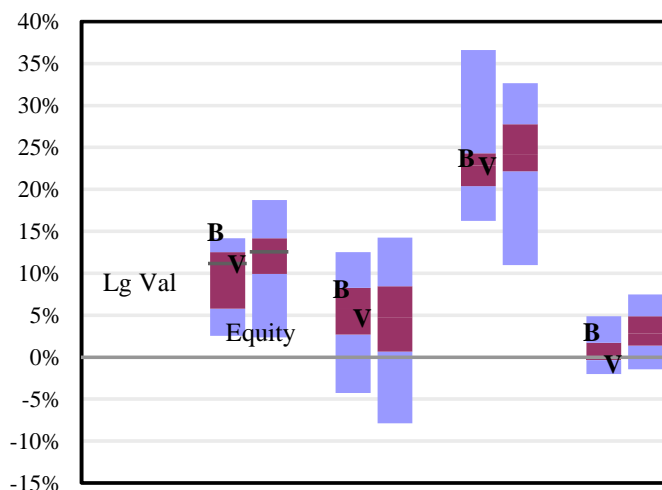
### Robeco vs. Russell 1000® Value

Year by Year Performance





## Robeco



	Qtr	1 Year	3 Years	5 Years
Robeco (B)	15.0	8.2	23.8	3.0
Rank v. Lg Value	3	26	32	13
Rank v. Equity	17	27	53	47
Rus 1000 Val (V)	11.1	4.8	22.8	-0.8
Lg Val Median	11.2	5.7	22.8	-0.4
Equity Median	12.6	4.8	24.1	2.9

Portfolio Characteristics	Robeco	Russell 1000@ Value
Eq Mkt Value (\$Mil)	302.1	N/A
Wtd. Avg. Cap (\$Bil)	94.7	79.1
Beta	1.12	1.06
Yield (%)	2.01	2.48
P/E Ratio	13.42	15.59
Cash (%)	1.1	0.0
Number of Holdings	79	658
Turnover Rate (%)	33.5	-

Sector	Robeco	Russell 1000@ Value
Energy	9.5 %	11.6 %
Materials	0.7	2.6
Industrials	9.2	9.3
Cons. Discretionary	17.6	9.3
Consumer Staples	3.0	7.7
Health Care	17.0	12.3
Financials	25.6	26.9
Info Technology	14.9	8.9
Telecom Services	1.0	4.4
Utilities	1.5	6.9

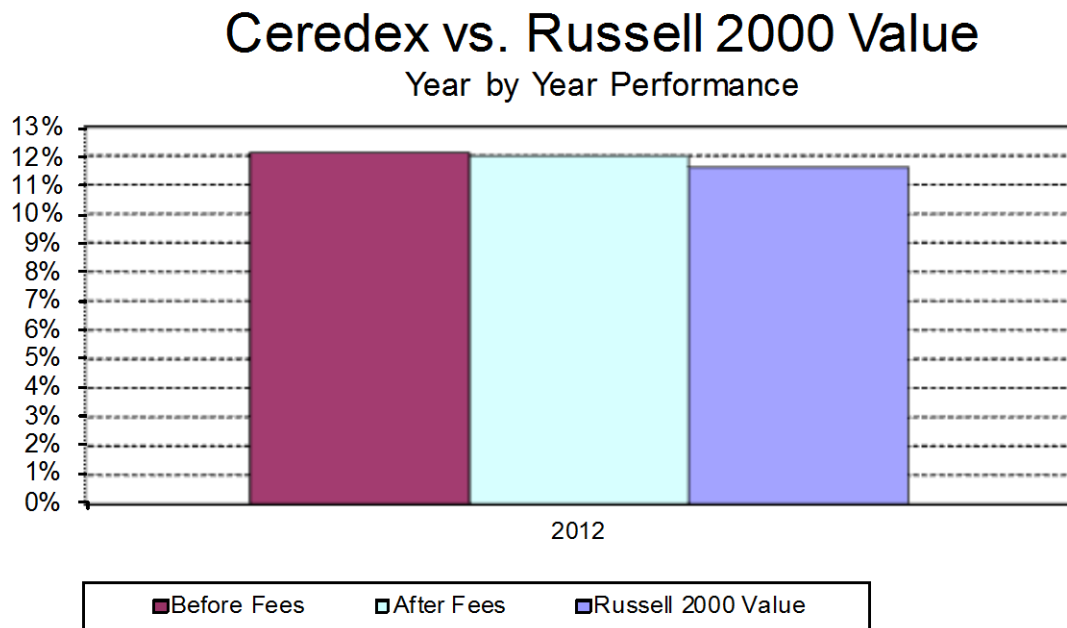
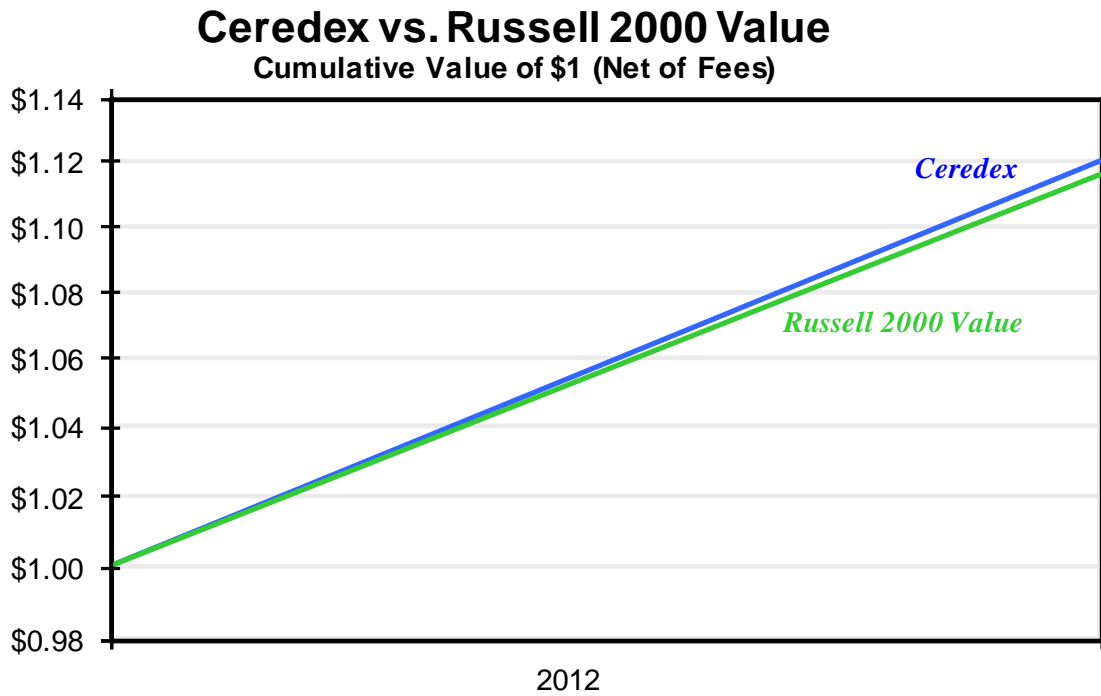
Robeco's first quarter return of 15.0% was better than the 11.1% return of the Russell 1000® Value Index and ranked in the 3<sup>rd</sup> percentile of large value managers. For the one-year period, Robeco returned 8.2%, better than the 4.8% return of the Russell 1000® Value Index. Over both the three and five-year periods, Robeco's performance was above the median large value equity manager and exceeded the Russell 1000® Value Index. Robeco is in compliance with CCCERA's performance objectives.

At the end of the quarter, the portfolio had a lower P/E ratio than the index and held 79 stocks, concentrated in the large and mid capitalization sectors. Robeco's largest economic sector over-weights were in the consumer discretionary, information technology and health care sectors, while the largest under-weights were in the utilities, consumer staples and telecom services sectors.

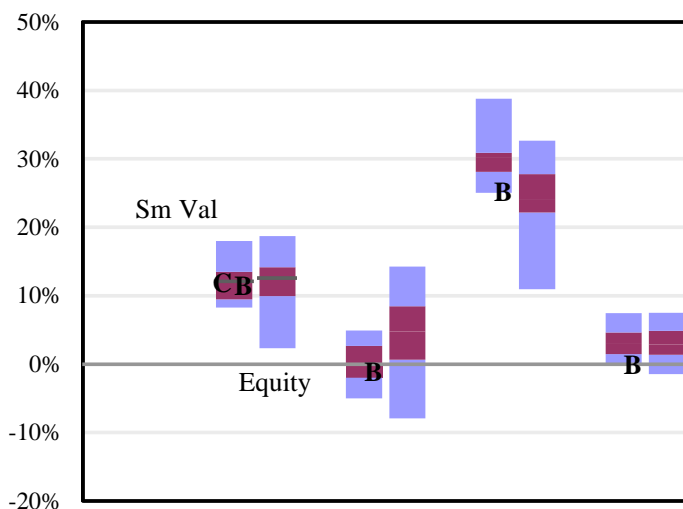
Robeco's first quarter performance relative to the Russell 1000® Value Index was helped by both stock selection and sector allocation decisions. Top performing holdings included Seagate Technology (+66%), Apple (+48%) and JP Morgan Chase (+39%), while the worst performing holdings included American Electrical Power (-5%), Royal Dutch Shell (-3%) and Western Union (-3%).

# MANAGER COMMENTS – DOMESTIC EQUITY

## Ceredex - Small Cap Value



## Ceredex



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Ceredex (C)	12.1	--	--	--
Rank v. Sm Val	50	--	--	--
Rank v. Equity	57	91	86	84
Ru 2000® Val (V)	11.6	-1.1	25.4	0.0
Sm Val Median	12.1	0.6	30.3	3.0
Equity Median	12.6	4.8	24.1	2.9

<b>Portfolio Characteristics</b>	<b>Ceredex</b>	<b>Russell 2000® Value</b>
Eq Mkt Value (\$Mil)	197.17	N/A
Wtd. Avg. Cap (\$Bil)	1.92	1.18
Beta	1.28	1.22
Yield (%)	2.28 %	2.09 %
P/E Ratio	18.14	28.29
Cash (%)	0.7 %	0.0 %
Number of Holdings	95	1,362
Turnover Rate (%)	86.7	-

<b>Sector</b>	<b>Ceredex</b>	<b>Russell 2000® Value</b>
Energy	7.7 %	4.6 %
Materials	8.3	5.1
Industrials	28.3	14.8
Cons. Discretionary	15.5	12.2
Consumer Staples	1.9	2.9
Health Care	4.8	5.0
Financials	25.6	37.5
Info Technology	6.7	10.9
Telecom Services	0.0	0.6
Utilities	1.1	6.4

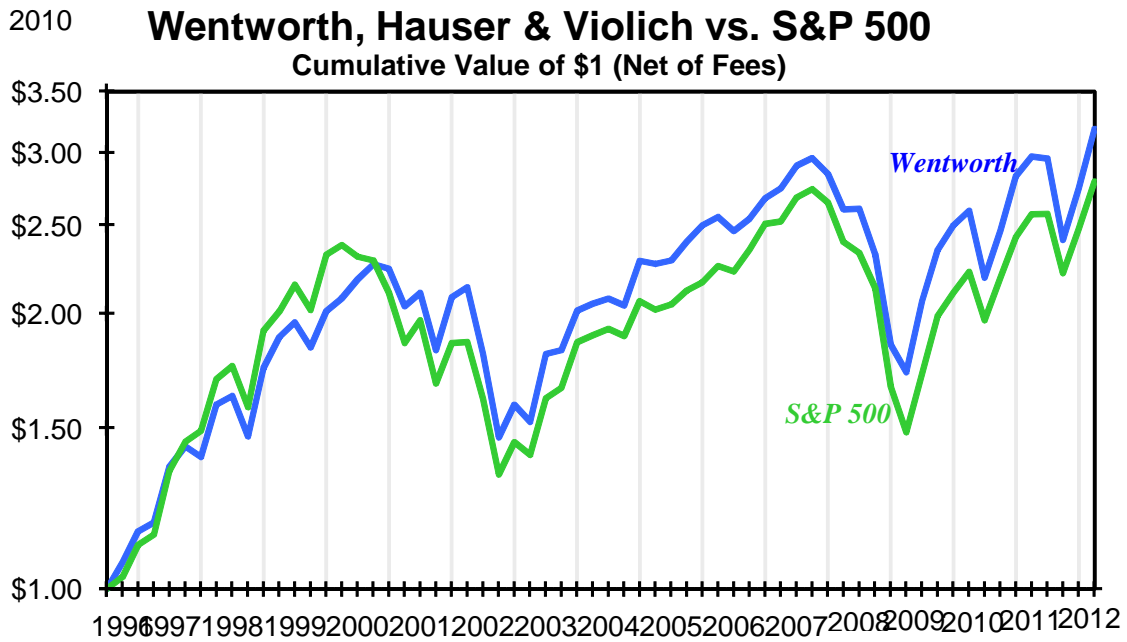
The Rothschild mandate was terminated during the fourth quarter of 2011. State Street managed the portfolio on a semi-passive basis until Ceredex was selected and ultimately funded on November 10, 2011. In the first full quarter of performance, Ceredex outperformed the benchmark with a return of 12.1% compared to 11.6% for the Russell 2000 Value. This return ranked in the 50<sup>th</sup> percentile of small cap value portfolios.

As of March 31, 2012, the portfolio had a beta of 1.28x, an above-index yield and a below-index P/E ratio. It included 95 stocks, concentrated in the small capitalization sectors. The portfolio was most overweighted to the industrials, materials and consumer discretionary sectors and most underweighted to the financials, utilities and information technology sectors.

Ceredex's first quarter performance relative to the Russell 2000® Value Index was helped by sector allocation decisions. An allocation to the utilities sector was particularly strong during the quarter. The top performing holdings included MDC Corp (+48%), Brunswick (+43%) and Sothebys (+38%). The worst performing holdings included Summit Hotels (-19%), Carbo Ceramics (-14%) and Patterson Utilities (-13%).

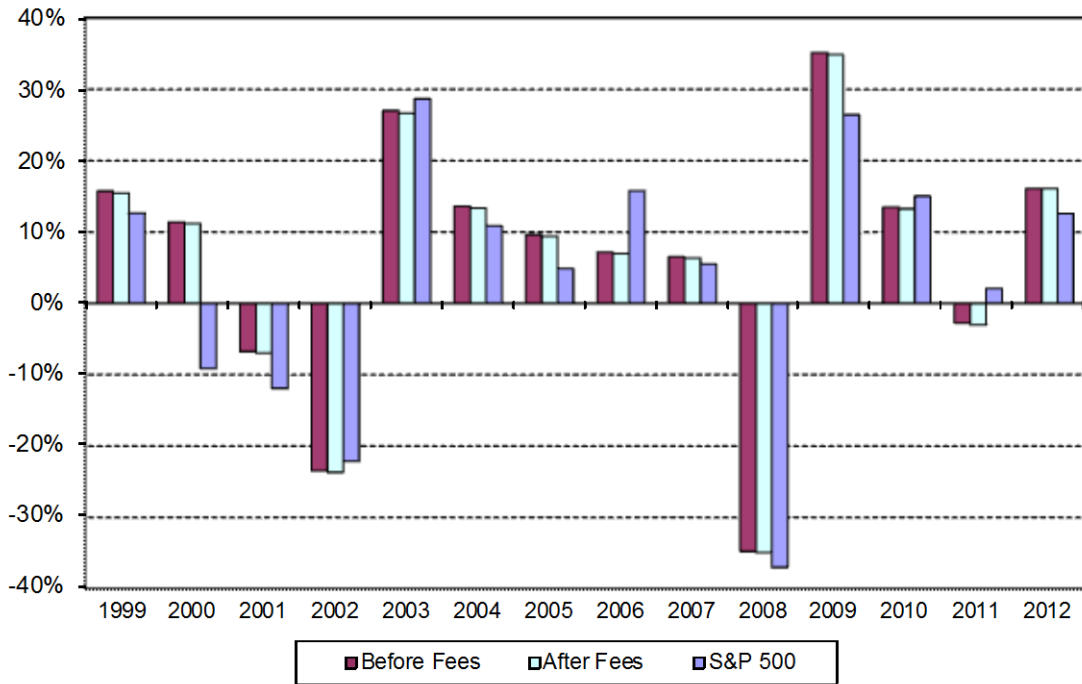
# MANAGER COMMENTS – DOMESTIC EQUITY

## Wentworth, Hauser and Violich

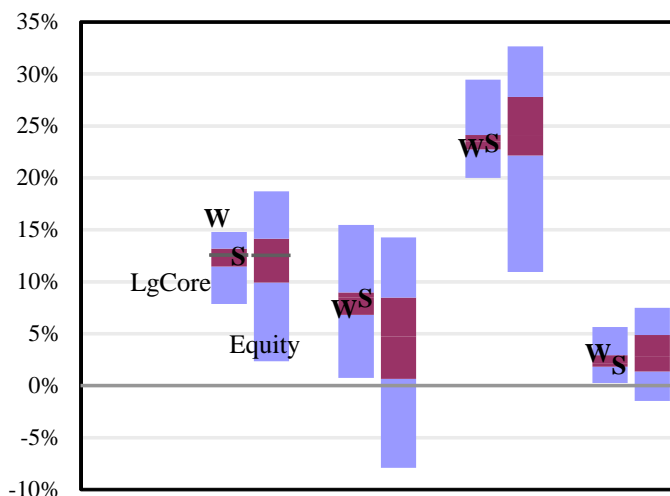


## Wentworth vs. S&P 500

Year by Year Performance



## Wentworth, Hauser and Violich



	Qtr	1 Year	3 Years	5 Years
WHV (W)	16.1	7.5	22.9	3.3
Rank v. Lg Core	2	66	73	19
Rank v. Equity	12	32	68	45
S&P 500 (S)	12.6	8.5	23.4	2.0
Lg Core Median	12.6	8.5	23.5	2.2
Equity Median	12.6	4.8	24.1	2.9

### Portfolio

Characteristics	Wentworth	S&P 500
Eq Mkt Value (\$Mil)	204.87	N/A
Wtd. Avg. Cap (\$Bil)	82.78	111.85
Beta	1.20	1.00
Yield (%)	1.19	2.05
P/E Ratio	16.38	16.13
Cash (%)	2.0	0.0

Number of Holdings	36	500
Turnover Rate (%)	90.1	-

Sector	Wentworth	S&P 500
Energy	16.6 %	11.3 %
Materials	6.2	3.5
Industrials	19.3	10.6
Cons. Discretionary	9.6	11.0
Consumer Staples	3.4	10.8
Health Care	10.4	11.3
Financials	12.1	15.0
Info Technology	22.4	20.6
Telecom Services	0.0	2.8
Utilities	0.0	3.4

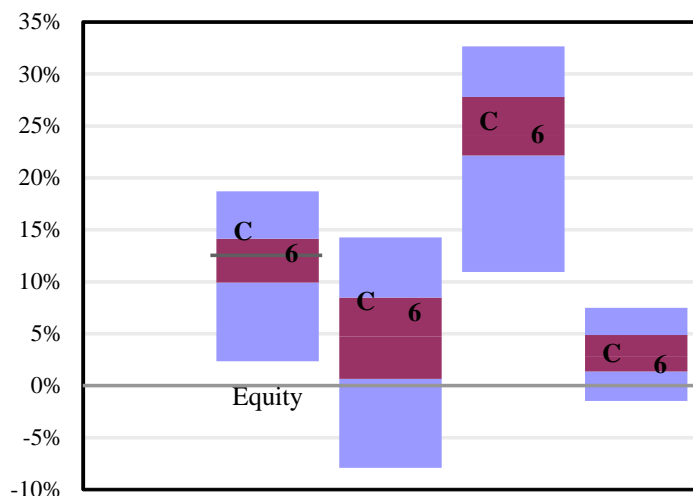
Wentworth's return of 16.1% for the first quarter out-performed the 12.6% return of the S&P 500 and ranked in the 2<sup>nd</sup> percentile of large core managers. For the one-year period, Wentworth returned 7.5%, trailing the 8.5% return of the S&P 500, and ranked in the 66<sup>th</sup> percentile. Wentworth has exceeded the S&P 500 over the past five years and also ranked above median in the large core universe over the trailing five-year period. Wentworth is in compliance with CCCERA performance guidelines.

The portfolio has an above-market beta of 1.20x, a below-market yield and an above-market P/E ratio. The portfolio has 36 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weights are in the industrials, materials and energy sectors, while largest under-weights are in the consumer staples, utilities and financials sectors.

Wentworth's first quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. The best performing portfolio stocks included Apple (+48%), Autodesk (+40%), and JP Morgan Chase (+39%) while the worst performing holdings included Helmerich & Payne (-7%), Google (-1%) and Chevron (+2%).

*This page intentionally left blank.*

## Total Domestic Equity



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Equity (C)	14.9	8.2	25.6	3.2
Rank v. Equity	17	27	37	45
Russell 3000® (6)	12.9	7.2	24.3	2.2
Equity Median	12.6	4.8	24.1	2.9

<b>Portfolio Characteristics</b>	<b>Domestic Equity</b>	<b>Russell 3000®</b>
Eq Mkt Value (\$Mil)	1,588.87	N/A
Wtd. Avg. Cap (\$Bil)	61.68	92.04
Beta	1.12	1.04
Yield (%)	1.36 %	1.93 %
P/E Ratio	18.66	17.29
Cash (%)	5.7 %	0.0 %
Number of Holdings	624	2,945
Turnover Rate (%)	67.0	-

<b>Sector</b>	<b>Domestic Equity</b>	<b>Russell 3000®</b>
Energy	10.4 %	10.5 %
Materials	3.8	4.0
Industrials	12.5	11.3
Cons. Discretionary	16.5	12.1
Consumer Staples	3.3	9.4
Health Care	12.8	11.3
Financials	14.5	16.0
Info Technology	22.6	19.6
Telecom Services	1.6	2.5
Utilities	1.9	3.4

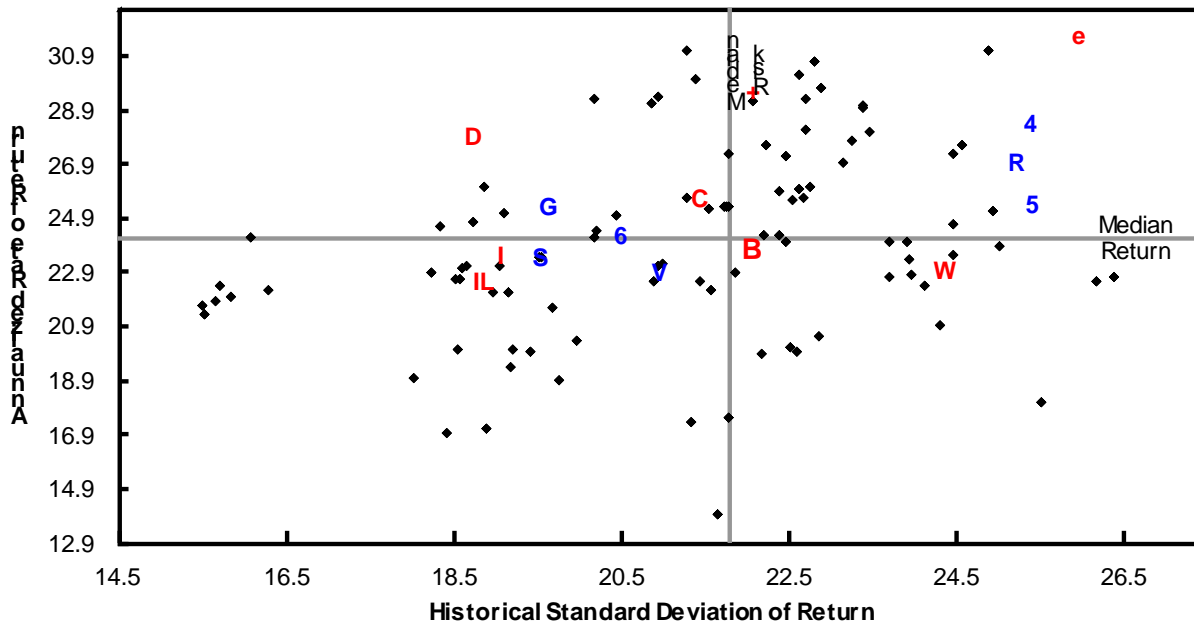
CCCERA total domestic equities returned 14.9% in the first quarter, which was better than the 12.9% return of the Russell 3000® Index and ranked in the 17<sup>th</sup> percentile of all equity managers. For the one-year period, the CCCERA equity return of 8.2% was better than the 7.2% return of the Russell 3000® and ranked in the 27<sup>th</sup> percentile. Over the past three years, CCCERA domestic equities exceeded the Russell 3000® index and the median manager. Over the past five years the domestic equities also exceeded the Russell 3000®, and the median.

The combined domestic equity portfolio has a beta of 1.12x, a below-index yield and an above-index P/E ratio. The portfolio is broadly diversified with positions in 624 stocks. The combined portfolio's largest economic sector over-weights are in the consumer discretionary, information technology and health care sectors, while the largest under-weights are in the consumer staples, utilities and financials sectors.

# MANAGER COMMENTS – DOMESTIC EQUITY

## Domestic Equity Performance and Variability

Three Years Ending March 31, 2012

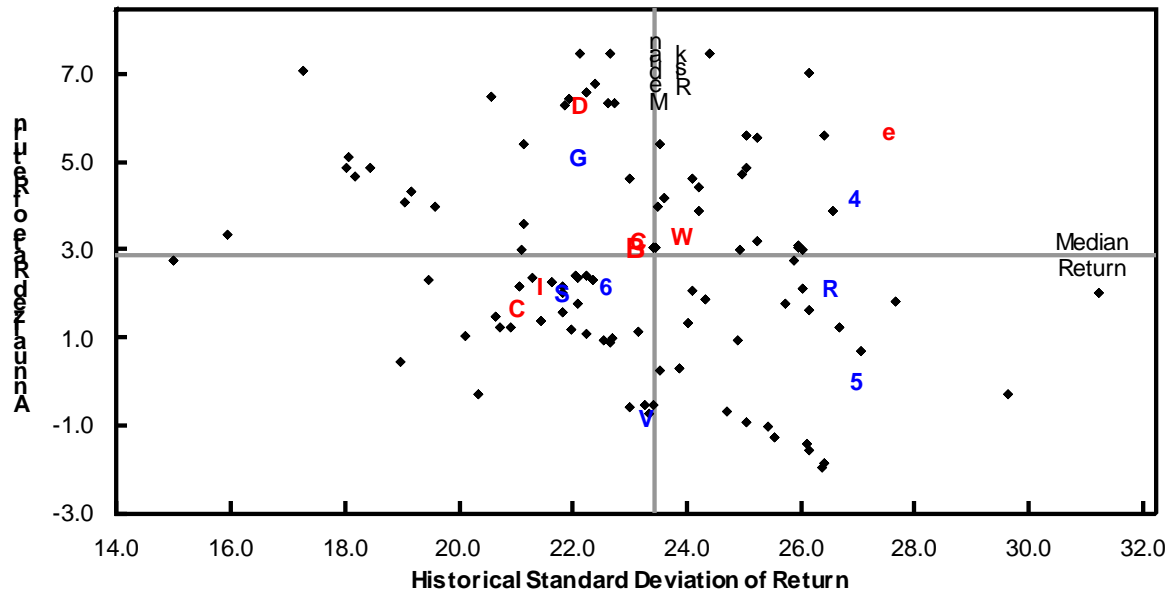


Domestic Equity Manager	Annualized Return	Standard Deviation	Risk/Reward Ratio
Robeco Boston Partners ( <b>B</b> )	23.8 %	22.1 %	1.07
Delaware ( <b>D</b> )	27.9	18.8	1.48
Emerald ( <b>e</b> )	31.6	26.0	1.21
INTECH Enhanced ( <b>I</b> )	23.5	19.1	1.22
INTECH Large Core ( <b>IL</b> )	22.6	18.9	1.19
PIMCO StocksPLUS ( <b>+</b> )	29.6	22.1	1.33
Wentworth, Hauser ( <b>W</b> )	22.9	24.4	0.93
Domestic Equitiy ( <b>C</b> )	25.6	21.5	1.19
Russell® 3000 ( <b>6</b> )	24.3	20.5	1.17
S&P 500 ( <b>S</b> )	23.4	19.6	1.19
Russell 1000® Growth ( <b>G</b> )	25.3	19.7	1.28
Russell 1000® Value ( <b>V</b> )	22.8	21.0	1.08
Russell 2000® ( <b>R</b> )	26.9	25.2	1.06
Russell 2000® Growth ( <b>4</b> )	28.4	25.4	1.11
Russell 2000® Value ( <b>5</b> )	25.4	25.4	0.99
Median Equity Port.	24.1	21.8	1.10



## Domestic Equity Performance and Variability

Five Years Ending March 31, 2012



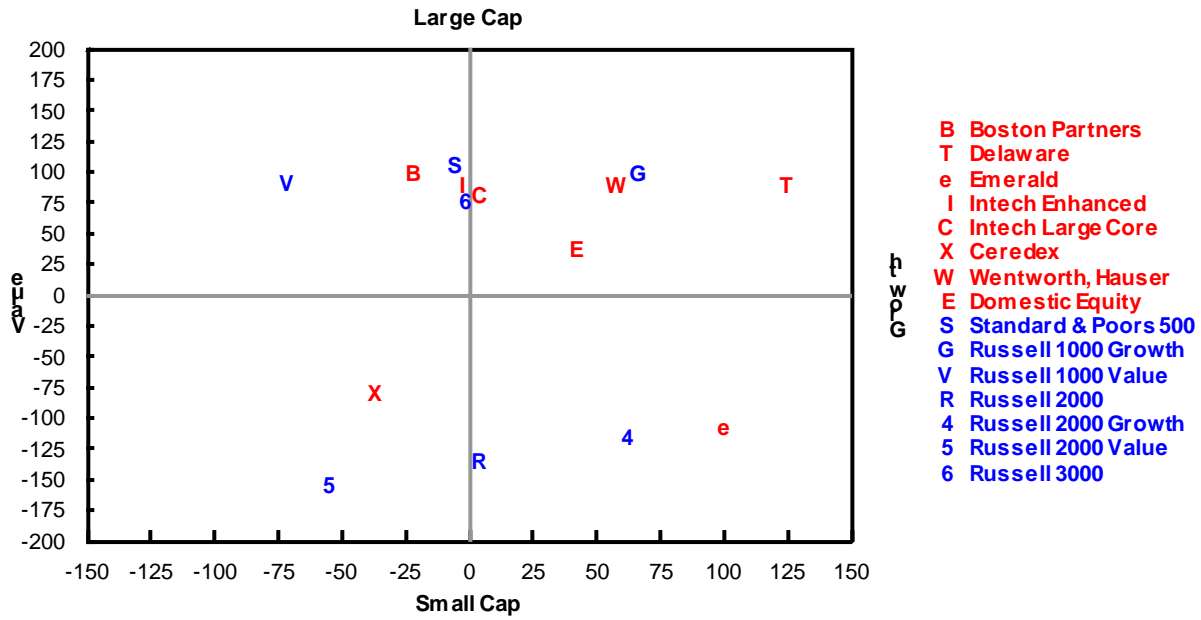
Domestic Equity Manager	Annualized Return	Standard Deviation	Risk/Reward Ratio
Robeco Boston Partners ( <b>B</b> )	3.0 %	23.1 %	0.08
Delaware ( <b>D</b> )	6.3	22.1	0.23
Emerald ( <b>e</b> )	5.7	27.6	0.16
INTECH Enhanced ( <b>I</b> )	2.2	21.4	0.04
PIMCO StocksPLUS ( <b>+</b> )	1.7	21.1	0.02
Wentworth, Hauser ( <b>W</b> )	3.3	23.9	0.08
Domestic Equity ( <b>C</b> )	3.2	23.2	0.08
Russell® 3000 ( <b>6</b> )	2.2	22.6	0.04
S&P 500 ( <b>S</b> )	2.0	21.8	0.04
Russell 1000® Growth ( <b>G</b> )	5.1	22.1	0.18
Russell 1000® Value ( <b>V</b> )	-0.8	23.3	-0.09
Russell 2000® ( <b>R</b> )	2.1	26.5	0.03
Russell 2000® Growth ( <b>4</b> )	4.2	27.0	0.11
Russell 2000® Value ( <b>5</b> )	0.0	27.0	-0.05
Median Equity Port.	2.9	23.4	0.07

*This page intentionally left blank.*

# MANAGER COMMENTS - DOMESTIC EQUITY

## Domestic Equity Style Map

As of March 31, 2012



## PORTFOLIO PROFILE REPORT

	<b>Russell 3000® 3/31/2012</b>	<b>Combined Equity 3/31/2012</b>	<b>Russell 1000® Value 3/31/2012</b>	<b>Boston 3/31/2012</b>	<b>Russell 1000® Growth 3/31/2012</b>	<b>Delaware 3/31/2012</b>
Equity Market Value (\$000)		1,588,869		302,085		309,639
Beta	1.04	1.12	1.06	1.12	1.00	0.97
Yield	1.93	1.36	2.48	2.01	1.49	0.66
P/E Ratio	17.29	18.66	15.59	13.42	17.92	22.74
Standard Error	1.65	2.15	2.37	3.32	2.22	4.25
R <sup>2</sup>	0.98	0.97	0.95	0.92	0.96	0.87
Wtd Cap Size (\$Mil)	92,041	61,679	79,138	94,690	119,777	87,757
Avg Cap Size (\$Mil)	1,010	11,959	5,030	19,155	6,502	25,946
Number of Holdings	2,945	624	658	79	589	29
<b>Economic Sectors</b>						
Energy	10.49	10.36	11.64	9.46	10.04	8.87
Materials	4.02	3.82	2.64	0.71	5.25	2.76
Industrials	11.27	12.51	9.26	9.22	12.49	4.01
Consumer Discretionary	12.09	16.51	9.32	17.61	14.50	13.61
Consumer Staples	9.35	3.33	7.68	3.04	11.96	1.74
Health Care	11.32	12.76	12.30	17.00	10.14	9.67
Financials	15.98	14.54	26.89	25.57	4.30	10.24
Information Technology	19.61	22.64	8.93	14.87	30.46	44.38
Telecom. Services	2.45	1.64	4.43	1.04	0.80	4.72
Utilities	3.43	1.88	6.91	1.49	0.07	0.00

## PORTFOLIO PROFILE REPORT

	<b>S&amp;P 500</b>	<b>Intech</b>	<b>Intech</b>	<b>PIMCO+</b>	<b>Wentworth</b>
	<b>Cap Wtd</b>	<b>Enhanced</b>	<b>Large Cap</b>	<b>(S&amp;P 500)</b>	
	<b>3/31/2012</b>	<b>3/31/2012</b>	<b>3/31/2012</b>	<b>3/31/2012</b>	<b>3/31/2012</b>
Equity Market Value (\$000)		17,264	179,609	164,901	204,866
Beta	1.00	0.92	0.89	1.00	1.20
Yield	2.05	2.07	2.02	2.05	1.19
P/E Ratio	16.13	16.62	17.06	16.13	16.38
Standard Error	0.00	1.28	1.79	0.00	3.16
R <sup>2</sup>	1.00	0.98	0.97	1.00	0.94
Wtd Cap Size (\$Mil)	111,847	89,624	70,878	111,847	82,780
Avg Cap Size (\$Mil)	12,677	14,522	14,736	12,677	30,840
Number of Holdings	500	371	303	500	36
<b>Economic Sectors</b>					
Energy	11.27	13.07	13.53	11.27	16.57
Materials	3.47	4.45	4.30	3.47	6.22
Industrials	10.57	7.99	6.00	10.57	19.29
Consumer Discretionary	10.97	15.38	18.26	10.97	9.57
Consumer Staples	10.78	10.97	10.23	10.78	3.43
Health Care	11.25	11.75	14.40	11.25	10.44
Financials	14.97	8.82	5.46	14.97	12.11
Information Technology	20.57	16.39	14.57	20.57	22.37
Telecom. Services	2.78	3.34	2.82	2.78	0.00
Utilities	3.38	7.85	10.43	3.38	0.00

## PORTFOLIO PROFILE REPORT

	<b>Russell 2000® 3/31/2012</b>	<b>Russell 2000® Value 3/31/2012</b>	<b>Ceredex 3/31/2012</b>	<b>Russell 2000® Growth 3/31/2012</b>	<b>Emerald 3/31/2012</b>
Equity Market Value (\$000)			197,171		213,333
Beta	1.25	1.22	1.28	1.27	1.36
Yield	1.40	2.09	2.28	0.72	0.16
P/E Ratio	30.33	28.29	18.14	32.64	44.25
Standard Error	5.57	6.39	5.91	5.22	7.00
R <sup>2</sup>	0.87	0.82	0.86	0.89	0.84
Wtd Cap Size (\$Mil)	1,371	1,184	1,922	1,555	1,731
Avg Cap Size (\$Mil)	514	457	1,668	599	1,240
Number of Holdings	1,964	1,362	95	1,167	121
<b>Economic Sectors</b>					
Energy	6.49	4.64	7.68	8.31	7.43
Materials	4.62	5.06	8.32	4.17	2.83
Industrials	15.69	14.81	28.33	16.57	14.24
Consumer Discretionary	13.73	12.21	15.50	15.23	25.38
Consumer Staples	3.50	2.92	1.89	4.07	0.89
Health Care	12.71	5.01	4.81	20.35	19.51
Financials	22.49	37.51	25.64	7.62	5.33
Information Technology	16.76	10.85	6.71	22.61	24.40
Telecom. Services	0.80	0.62	0.00	0.98	0.00
Utilities	3.22	6.37	1.13	0.09	0.00

## PORTFOLIO PROFILE REPORT

	<b>Russell 3000® 3/31/2012</b>	<b>Combined Equity 3/31/2012</b>	<b>Russell 1000® Value 3/31/2012</b>	<b>Boston 3/31/2012</b>	<b>Russell 1000® Growth 3/31/2012</b>	<b>Delaware 3/31/2012</b>
<b>Beta Sectors</b>						
1 0.0 - 0.9	0.00	36.79	44.29	33.87	42.90	45.46
2 0.9 - 1.1	42.56	17.76	10.87	16.32	19.62	29.06
3 1.1 - 1.3	15.15	17.76	18.19	22.28	16.93	17.83
4 1.3 - 1.5	17.32	9.24	8.27	9.87	10.91	2.31
5 Above 1.5	9.94	18.45	18.38	17.67	9.65	5.35
<b>Yield Sectors</b>						
1 Above 5.0	0.00	30.21	9.50	9.94	28.82	43.85
3 3.0 - 5.0	22.08	28.31	20.64	26.45	23.50	42.16
3 1.5 - 3.0	21.50	27.14	33.30	41.56	35.74	9.45
4 0.0 - 1.5	32.88	12.42	29.73	21.01	10.76	4.53
5 0.0	19.38	1.91	6.83	1.04	1.18	0.00
<b>P/E Sectors</b>						
1 0.0 - 12.0	0.00	19.76	30.47	35.57	14.13	7.96
2 12.0 -20.0	22.54	36.81	46.14	47.97	45.51	14.89
3 20.0 -30.0	44.75	27.56	11.49	13.04	27.00	51.40
4 30.0 - 150.0	19.18	13.45	9.10	2.01	12.14	23.44
5 N/A	11.27	2.43	2.79	1.40	1.22	2.31
<b>Capitalization Sectors</b>						
1 Above 20.0 (\$Bil)	0.00	47.11	65.58	68.09	68.78	59.69
2 10.0 - 20.0	61.93	15.47	15.49	19.89	13.40	23.86
3 5.0 - 10.0	13.30	8.99	8.62	7.01	10.98	11.27
4 1.0 - 5.0	9.05	22.03	10.25	5.01	6.82	5.19
5 0.5 - 1.0	12.51	4.27	0.05	0.00	0.03	0.00
6 0.1 - 0.5	1.95	2.12	0.00	0.00	0.00	0.00
7 0.0 - 0.1	1.23	0.00	0.00	0.00	0.00	0.00
<b>5 Yr Earnings Growth</b>						
1 N/A	0.00	34.52	51.51	49.06	19.51	12.99
2 0.0 -10.0	36.02	29.61	28.95	27.66	29.70	36.38
3 10.0 -20.0	29.25	19.87	15.12	19.19	30.37	13.19
4 Above 20.0	22.39	16.00	4.41	4.09	20.42	37.44

## PORTFOLIO PROFILE REPORT

	<b>S&amp;P 500 Cap Wtd 3/31/2012</b>	<b>Intech Enhanced 3/31/2012</b>	<b>Intech Large Cap 3/31/2012</b>	<b>PIMCO+ (S&amp;P 500) 3/31/2012</b>	<b>Wentworth 3/31/2012</b>
<b>Beta Sectors</b>					
1 0.0 - 0.9	45.15	54.43	60.50	45.15	21.93
2 0.9 - 1.1	15.50	14.71	13.38	15.50	24.12
3 1.1 - 1.3	18.26	13.05	9.87	18.26	22.67
4 1.3 - 1.5	8.75	6.60	5.59	8.75	4.59
5 Above 1.5	12.35	11.21	10.66	12.35	26.69
<b>Yield Sectors</b>					
1 Above 5.0	15.57	15.57	16.05	15.57	32.84
3 3.0 - 5.0	22.33	24.03	25.83	22.33	31.89
3 1.5 - 3.0	36.90	34.22	33.52	36.90	28.25
4 0.0 - 1.5	21.22	21.97	20.18	21.22	7.02
5 0.0	3.98	4.21	4.42	3.98	0.00
<b>P/E Sectors</b>					
1 0.0 - 12.0	21.62	20.53	20.89	21.62	16.29
2 12.0 -20.0	48.17	45.15	39.84	48.17	45.68
3 20.0 -30.0	19.29	20.65	23.48	19.29	33.13
4 30.0 - 150.0	9.13	12.10	13.86	9.13	4.90
5 N/A	1.79	1.56	1.93	1.79	0.00
<b>Capitalization Sectors</b>					
1 Above 20.0 (\$Bil)	75.42	57.76	53.83	75.42	62.01
2 10.0 - 20.0	15.30	23.64	28.56	15.30	15.26
3 5.0 - 10.0	7.09	13.61	12.96	7.09	20.29
4 1.0 - 5.0	2.18	4.99	4.66	2.18	2.44
5 0.5 - 1.0	0.00	0.00	0.00	0.00	0.00
6 0.1 - 0.5	0.00	0.00	0.00	0.00	0.00
7 0.0 - 0.1	0.00	0.00	0.00	0.00	0.00
<b>5 Yr Earnings Growth</b>					
1 N/A	34.69	30.45	28.73	34.69	32.52
2 0.0 -10.0	29.54	29.13	25.66	29.54	24.48
3 10.0 -20.0	23.29	27.77	31.90	23.29	22.36
4 Above 20.0	12.48	12.65	13.70	12.48	20.65



## PORTFOLIO PROFILE REPORT

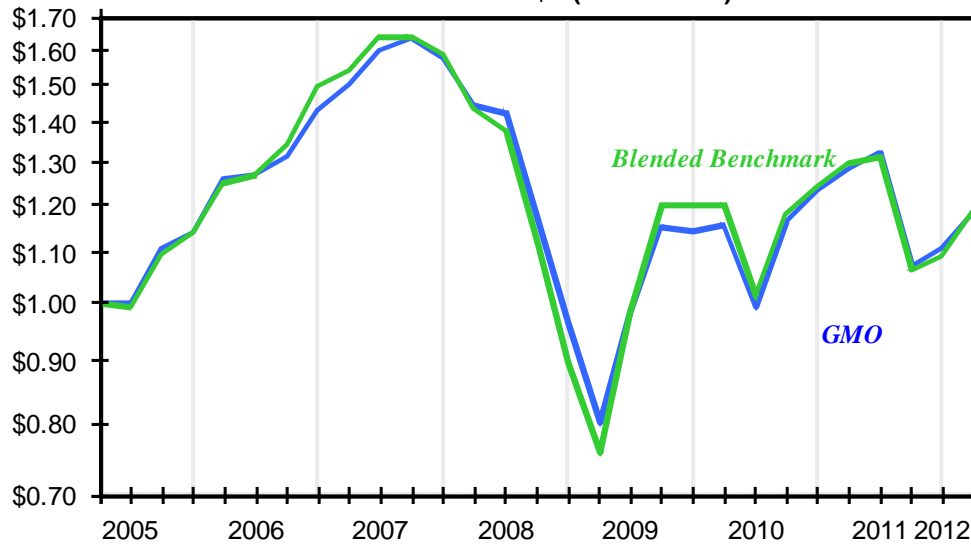
	<b>Russell 2000® 3/31/2012</b>	<b>Russell 2000® Value 3/31/2012</b>	<b>Ceredex 3/31/2012</b>	<b>Russell 2000® Growth 3/31/2012</b>	<b>Emerald 3/31/2012</b>
<b>Beta Sectors</b>					
1 0.0 - 0.9	30.38	0.00	31.36	0.00	19.80
2 0.9 - 1.1	13.03	33.00	11.11	27.79	9.13
3 1.1 - 1.3	14.59	12.74	14.42	13.32	16.24
4 1.3 - 1.5	13.89	13.34	9.72	15.83	26.10
5 Above 1.5	28.10	12.97	33.39	14.80	28.73
<b>Yield Sectors</b>					
1 Above 5.0	54.81	0.00	0.95	0.00	88.07
3 3.0 - 5.0	14.61	41.85	34.54	67.65	8.71
3 1.5 - 3.0	13.37	14.08	43.55	15.13	2.71
4 0.0 - 1.5	10.82	17.75	14.92	9.04	0.51
5 0.0	6.40	15.95	6.05	5.74	0.00
<b>P/E Sectors</b>					
1 0.0 - 12.0	26.82	0.00	17.56	0.00	17.40
2 12.0 -20.0	31.97	31.66	50.46	22.09	19.65
3 20.0 -30.0	17.02	36.17	21.32	27.87	24.31
4 30.0 - 150.0	18.86	14.03	8.42	19.94	31.12
5 N/A	5.33	13.27	2.25	24.31	7.52
<b>Capitalization Sectors</b>					
1 Above 20.0 (\$Bil)	0.00	0.00	0.00	0.00	0.00
2 10.0 - 20.0	0.00	0.00	0.00	0.00	0.00
3 5.0 - 10.0	0.00	0.00	0.00	0.00	3.73
4 1.0 - 5.0	59.53	0.00	81.94	0.00	65.36
5 0.5 - 1.0	24.40	52.28	13.63	66.71	19.18
6 0.1 - 0.5	15.71	26.75	4.42	22.07	11.73
7 0.0 - 0.1	0.36	20.58	0.00	10.88	0.00
<b>5 Yr Earnings Growth</b>					
1 N/A	46.79	0.00	46.47	0.00	41.10
2 0.0 -10.0	28.17	56.73	33.02	36.88	27.76
3 10.0 -20.0	15.77	25.20	16.47	31.14	17.90
4 Above 20.0	9.26	11.81	4.05	19.73	13.24

# MANAGER COMMENTS – INTERNATIONAL EQUITY

Grantham, Mayo, van Otterloo & Co

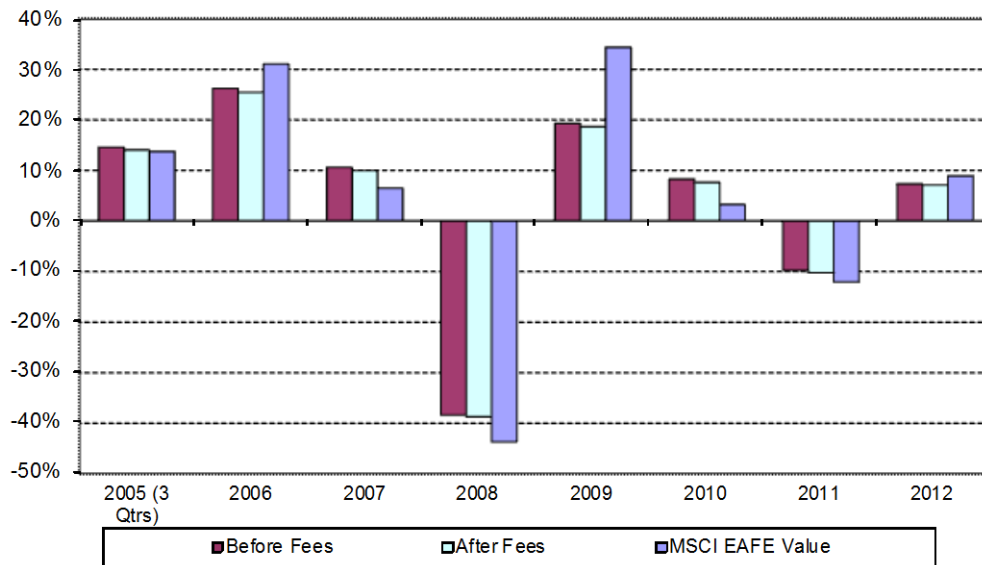
## GMO vs. MSCIEAFE Value

Cumulative Value of \$1 (Net of Fees)

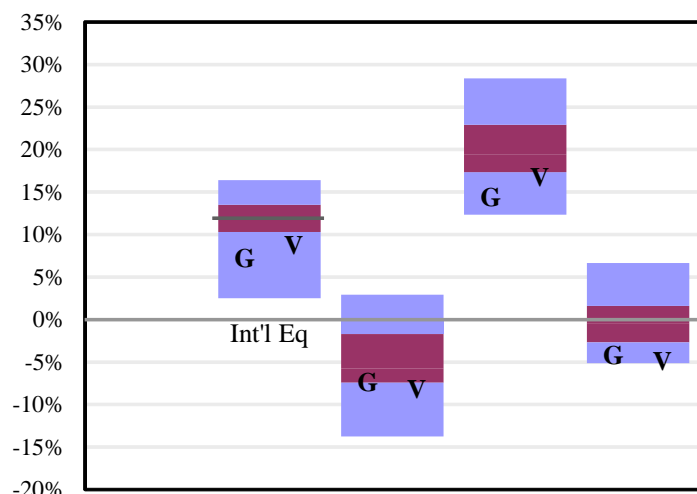


## GMO vs. Blended Benchmark

Year by Year Performance



## Grantham, Mayo, van Otterloo & Co



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
GMO (G)	7.3	-7.2	14.5	-4.1
Rank v. Int'l Equity	88	83	89	89
Blended Bench (V)	8.9	-8.1	16.8	-4.8
Int'l Eq Median	11.9	-5.7	19.4	-0.5

<b>Portfolio Characteristics</b>	<b>GMO</b>	<b>MSCI EAFE</b>
IEq Mkt Value (\$Mil)	289.2	N/A
Cash	0.0 %	0.0 %

<b>Over-Weighted Countries</b>	<b>GMO</b>	<b>MSCI EAFE</b>
China	7.0 %	0.0 %
Korea	5.0	0.0
Brazil	3.6	0.0

<b>Under-Weighted Countries</b>	<b>GMO</b>	<b>MSCI EAFE</b>
Australia	2.1 %	8.6 %
Switzerland	3.2	8.3
Germany	5.3	8.4

The GMO international value equity portfolio returned 7.3% in the first quarter, below the 8.9% return of the Blended Benchmark (100% MSCI EAFE Value from inception to February 29, 2012, and 100% MSCI ACWI ex-USA Value from March 1, 2012 to present) and ranked in the 88<sup>th</sup> percentile of international equity managers. Over the past year, the portfolio has returned -7.2%, better than the -8.1% return of the Blended Benchmark, and ranked in the 83<sup>rd</sup> percentile. Over the past five years, GMO has returned -4.1%, better than the -4.8% return of the Blended Benchmark, but ranked in the 89<sup>th</sup> percentile.

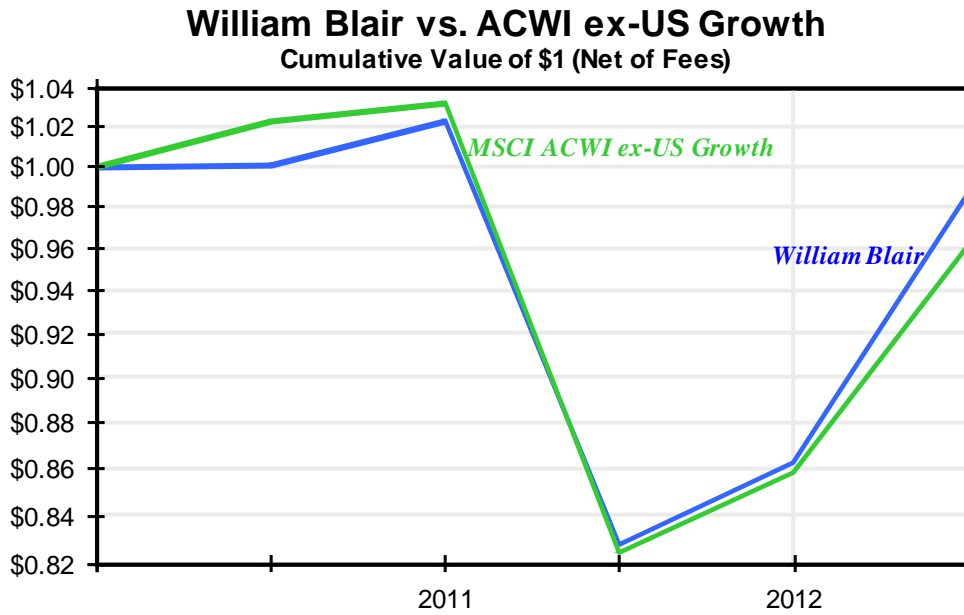
The portfolio's largest country over-weights were in China, Korea, and Brazil, while the largest under-weights were in the Australia, Switzerland and Germany. Please note that the GMO product was transitioned from a developed market only product to one that includes emerging markets on March 1, 2012.

The benefit of good stock selection was offset by the negative impact from weak country allocation relative to the MSCI ACWI ex-US Value Index in the brief period. Stock selection was best within Japan on a county basis. By sector, the portfolio outperformed within Information Technology. Individual stock positions that added significant value included overweight positions in pharmaceutical Sanofi (France), technology company Samsung Electronics (Korea), and electric utility E.On (Germany). Stocks that were significant detractors from relative performance included overweight positions in energy companies Total (France), and Gazprom (Russia), and electric utility Enel (Italy). Country allocation had a negative impact on performance due mainly to overweights in Spain and Italy, which were the worst performing developed markets.

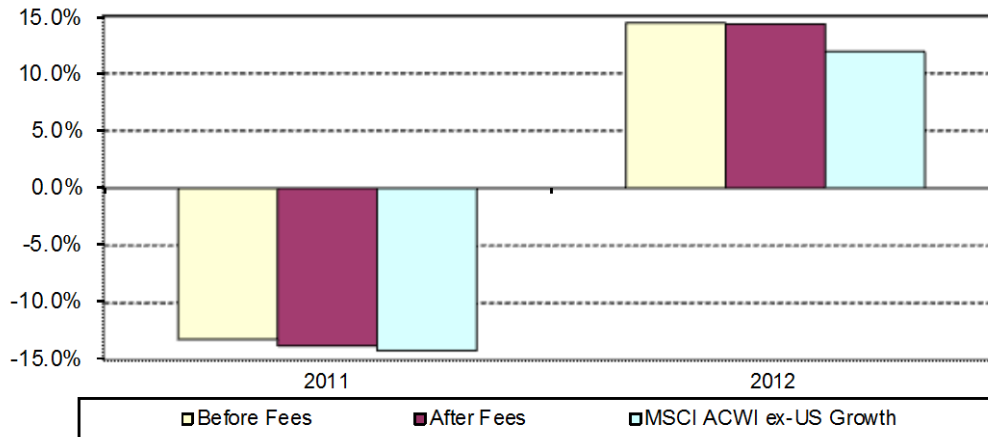
Stocks with strong momentum characteristics outperformed while those ranked highly by quality-adjusted value underperformed. Stocks chosen by intrinsic value had index-like returns.

**MANAGER COMMENTS – INTERNATIONAL EQUITY**

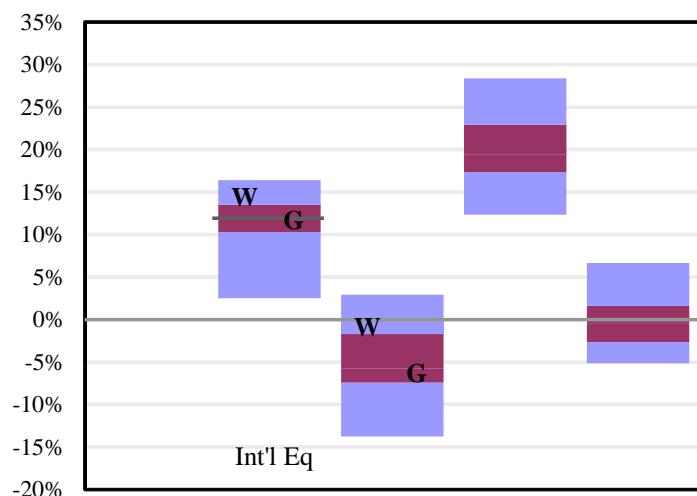
**William Blair**



**William Blair vs. ACWI ex-US Growth**  
Year by Year Performance



## William Blair



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Wm. Blair (W)	14.4	-0.8	-	-
Rank v. Intl Eq	15	19	-	-
ACWI xUS Gro (G)	11.8	-6.3	-	-
Intl Eq Median	11.9	-5.7	19.4	-0.5

Portfolio Characteristics	William Blair	MSCI EAFE
IEq Mkt Value (\$Mil)	307.7	N/A
Cash	0.0 %	0.0 %

Over-Weighted Countries	William Blair	MSCI EAFE
South Korea	5.3 %	0.0 %
Canada	5.0	0.0
Brazil	3.7	0.0

Under-Weighted Countries	William Blair	MSCI EAFE
Japan	10.7 %	21.4 %
Australia	1.0	8.6
Switzerland	4.1	8.3

William Blair returned 14.4% in the first quarter, better than the MSCI ACWI ex-US Growth Index return of 11.8%. This return ranked in the 15<sup>th</sup> percentile of international equity portfolios. Over the past year, William Blair has returned -0.8%, better than the index return of -6.3%, and ranked in the 19<sup>th</sup> percentile.

The portfolio's largest country over-weights relative to MSCI EAFE were in South Korea, Canada and Brazil, while the largest under-weights were in Japan, Australia and Switzerland.

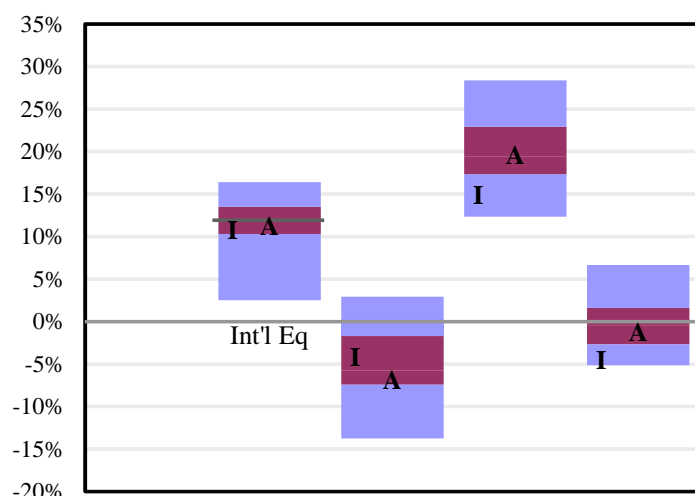
The international growth strategy outpaced the index during the quarter, driven by stock selection, which added approximately 2% versus the benchmark, coupled with sector positioning, and to some extent, country and currency exposure.

Sector positioning added value across most sectors, as Discretionary particularly benefited from higher Retail exposure while the overweighted Real Estate Management/ Development industry added value in Financials. The portfolio's focus on Software and, to some extent, Semiconductors was positive within IT, while Materials and Telecom Services benefited from limited exposure within Mining and Diversified Telecom Services, respectively. Regionally, limited exposure in the PIIGS countries and Canada, coupled with Emerging Asia and Latin America positioning (higher India, Thailand, Brazil, and Peru) added value. The portfolio's partial Yen hedge during the quarter also augmented results as the USD appreciated versus the Japanese Yen during the period. This hedge was closed out in mid-March. In addition, the portfolio's focus on companies with consistent/strong earnings trend and growth added value during the quarter, but was more than offset by higher valuation, which underperformed during the period.

Please note that as of June 30, 2012, William Blair will no longer accept RFPs for the International Growth product as it goes into a period of "soft close." Contra Costa County will still be able to allocate more funds to this portfolio, but no new clients will be added.

*This page intentionally left blank.*

## Total International Equity



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Int'l Eq (I)	10.9	-4.1	14.9	-4.4
Rank v. Intl Eq	69	36	87	92
ACWI xUS (A)	11.3	-6.7	19.7	-1.1
EAFE (E)	11.0	-5.3	17.7	-3.0
Int'l Eq Median	11.9	-5.7	19.4	-0.5

<b>Portfolio Characteristics</b>	<b>Total International</b>	<b>MSCI EAFE</b>
IEq Mkt Value (\$Mil)	596.9	N/A
Cash	0.0 %	0.0 %

<b>Over-Weighted Countries</b>	<b>Total International</b>	<b>MSCI EAFE</b>
South Korea	5.1 %	0.0 %
China	4.8	0.0
Brazil	3.6	0.0

<b>Under-Weighted Countries</b>	<b>Total International</b>	<b>MSCI EAFE</b>
Australia	1.5 %	8.6 %
Japan	16.0	21.4
Switzerland	3.7	8.3

The total international equity composite returned 10.9% in the first quarter, slightly below the 11.0% return of the MSCI EAFE Index. This return ranked in the 69<sup>th</sup> percentile of international equity managers. Over the past year, the total international equity composite returned -4.1%, better than the -5.3% return of the MSCI EAFE Index, and ranked in the 36<sup>th</sup> percentile of international equity managers. Over the past five years the total international equity composite trailed the return of the MSCI EAFE Index and ranked well below median in the international equity universe.

The composite's largest country over-weights were in China, South Korea and Brazil while the largest under-weights were in Australia, Switzerland and Japan.

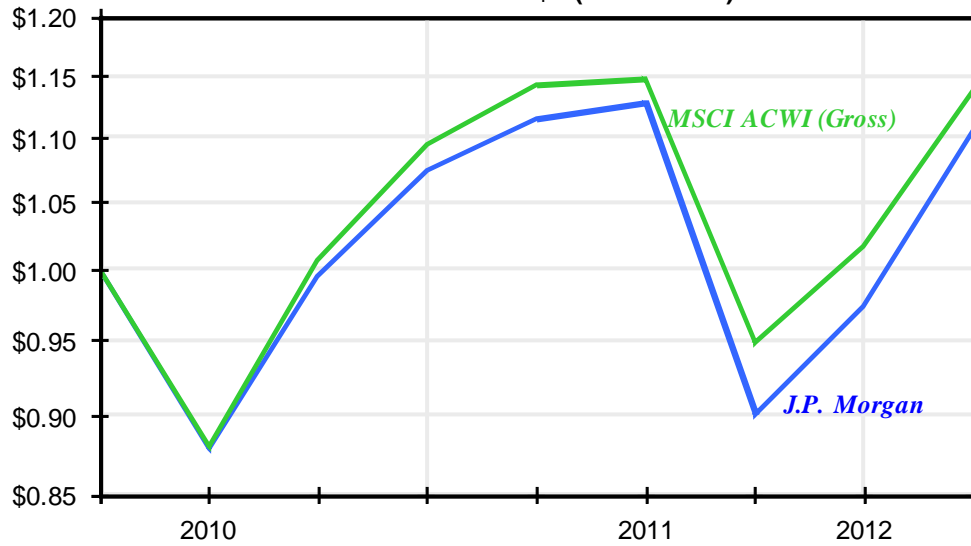
Stock selection decisions contributed to overall international equity results in the first quarter while country allocation decisions were negative and partially offset the stock selection results. Active trading had a small negative impact on first quarter returns.

# MANAGER COMMENTS – GLOBAL EQUITY

## J.P. Morgan Global Opportunities

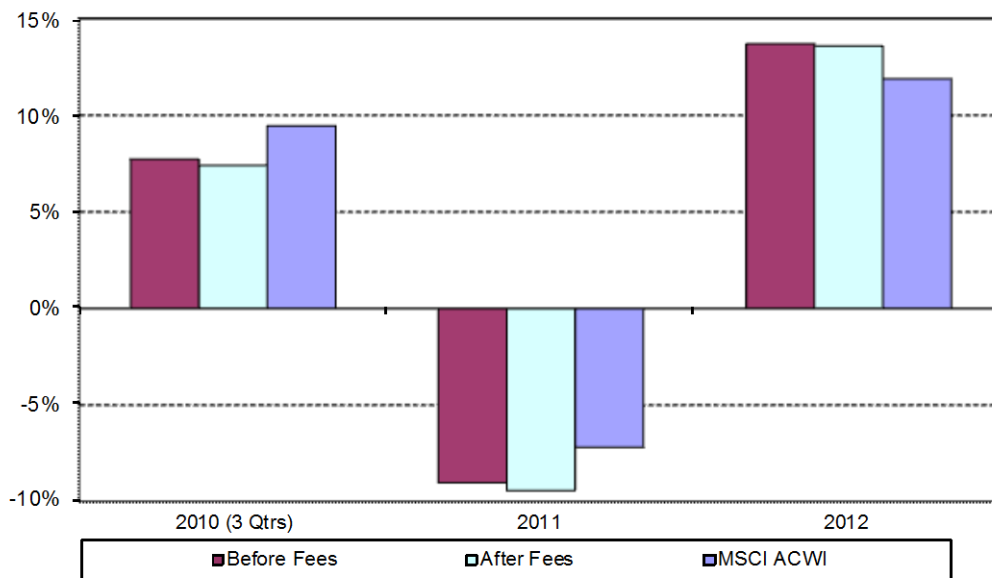
### J.P. Morgan vs. MSCI ACWI

Cumulative Value of \$1 (Net of Fees)



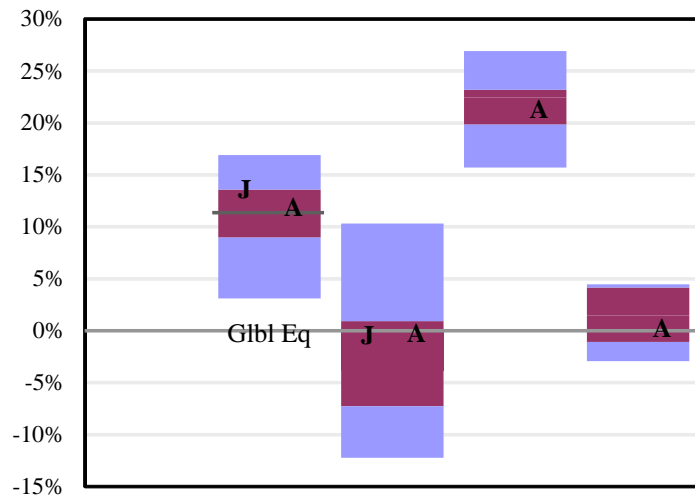
### J.P. Morgan vs. MSCI ACWI (Gross)

Year by Year Performance





## J.P. Morgan Global Opportunities



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
J.P. Morgan (J)	13.7	-0.4	-	-
Rank v. Gbl Equity	18	33	-	-
MSCI ACWI (A)	12.0	-0.2	21.4	0.3
Gbl Eq Median	11.4	-3.9	22.4	1.5

<b>Portfolio Characteristics</b>	<b>J.P. Morgan</b>	<b>MSCI ACWI</b>
Mkt Value (\$Mil)	233.90	N/A
Cash (%)	0.0 %	0.0 %

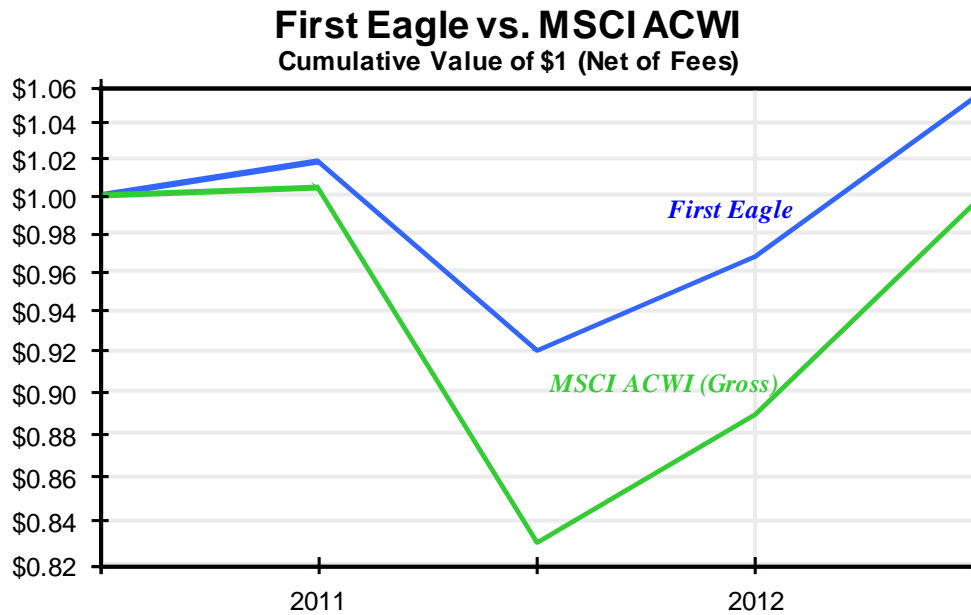
<b>Sector</b>	<b>J.P. Morgan</b>	<b>MSCI ACWI</b>
Energy	9.4 %	11.4 %
Materials	6.5	7.9
Industrials	9.1	10.5
Cons. Discretionary	17.3	10.5
Consumer Staples	8.6	10.2
Health Care	11.9	8.9
Financials	15.3	19.5
Info Technology	14.2	13.1
Telecom Services	3.9	4.5
Utilities	4.0	3.7

The J.P. Morgan global equity portfolio returned 13.7% in the first quarter, better than the 12.0% return of the MSCI ACWI benchmark, and ranked in the 18<sup>th</sup> percentile of global equity managers. Over the past year, the portfolio has returned -0.4%, trailing the benchmark return of -0.2% but ranked in the 33<sup>rd</sup> percentile.

The largest economic sector over-weights were in the consumer discretionary, health care and information technology sectors, while largest under-weights were in the financials, consumer staples and energy sectors.

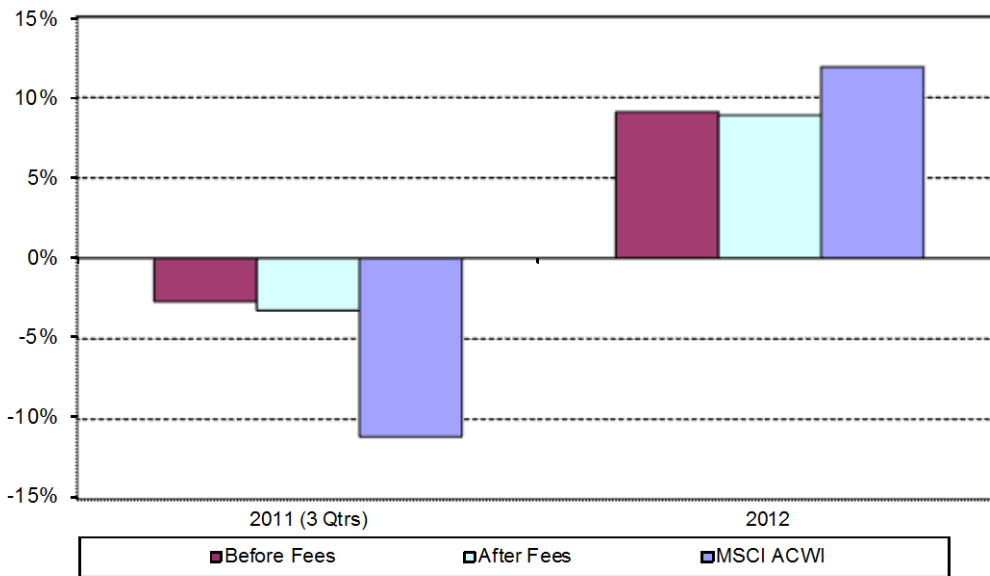
**MANAGER COMMENTS – GLOBAL EQUITY**

**First Eagle**

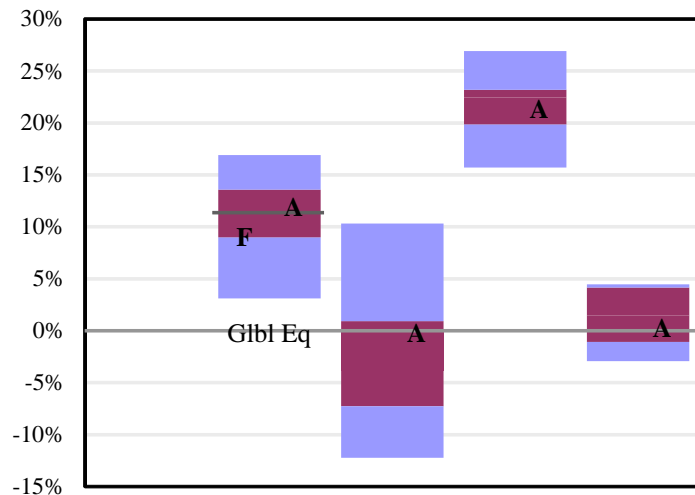


### First Eagle vs. MSCI ACWI (Gross)

Year by Year Performance



## First Eagle



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
First Eagle (F)	9.1	6.2	-	-
Rank v. Gbl Equity	69	5	-	-
MSCI ACWI (A)	12.0	-0.2	21.4	0.3
Gbl Eq Median	11.4	-3.9	22.4	1.5

<b>Portfolio Characteristics</b>	<b>First Eagle</b>	<b>MSCI ACWI</b>
Mkt Value (\$Mil)	218.85	N/A
Cash (%)	16.0 %	0.0 %

<b>Sector</b>	<b>First Eagle</b>	<b>MSCI ACWI</b>
Energy	4.4 %	11.4 %
Materials	8.7	7.9
Industrials	12.7	10.5
Cons. Discretionary	8.9	10.5
Consumer Staples	6.5	10.2
Health Care	4.8	8.9
Financials	14.3	19.5
Info Technology	12.2	13.1
Telecom Services	1.3	4.5
Utilities	2.9	3.7

The First Eagle portfolio returned 9.1% in the first quarter. This return lagged the MSCI ACWI Index return of 12.0% and ranked in the 69<sup>th</sup> percentile of global equity managers. As the low volatility component of the global equity program structure, First Eagle performed as expected during the first quarter rebound and has provided considerable downside protection to the global equity structure. Over the trailing year, First Eagle returned 6.2%, much better than the benchmark return of -0.2%, and ranked in the 5<sup>th</sup> percentile.

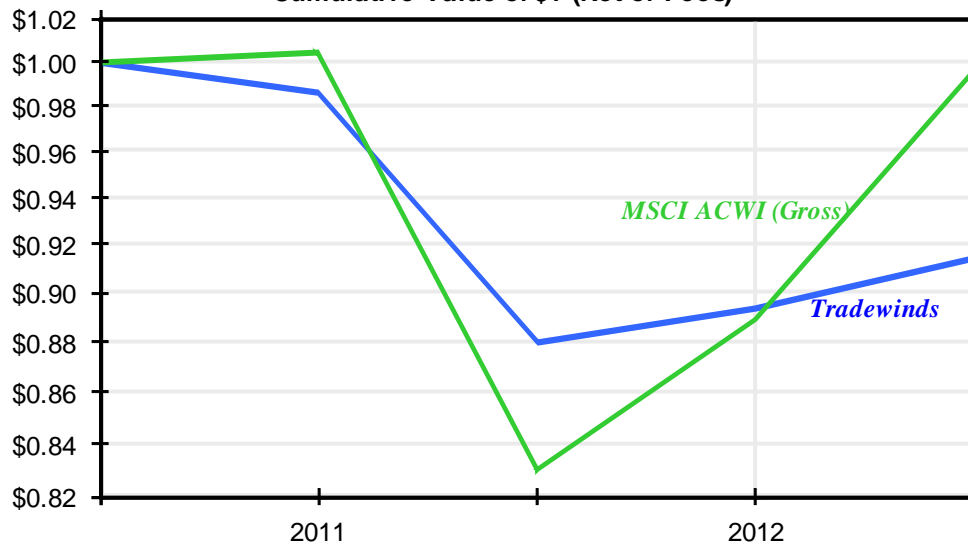
The portfolio's largest economic sector over-weights were in the materials, industrials and utilities sectors, while largest under-weights were in the in energy, financials, and health care sectors.

# MANAGER COMMENTS – GLOBAL EQUITY

## Tradewinds

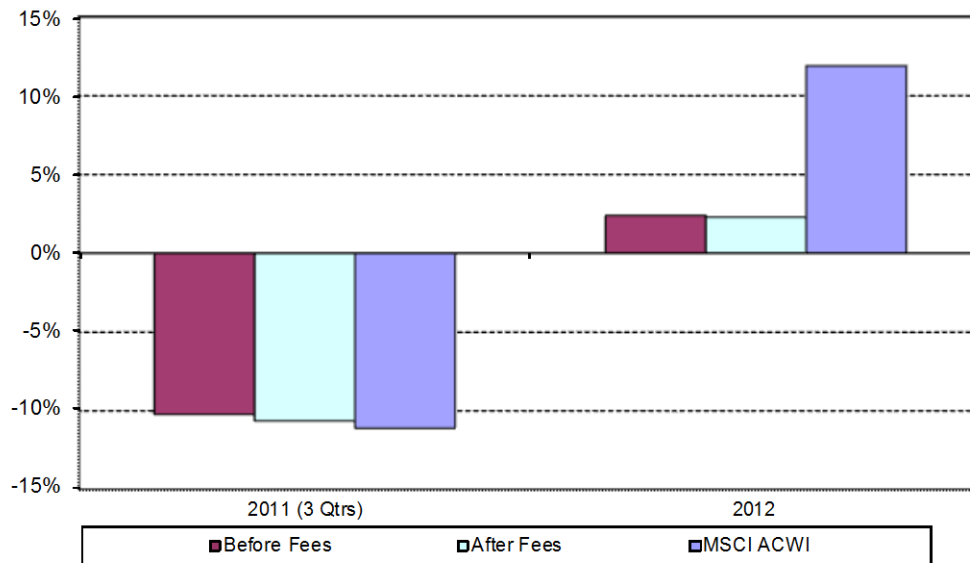
### Tradewinds vs. MSCI ACWI

Cumulative Value of \$1 (Net of Fees)

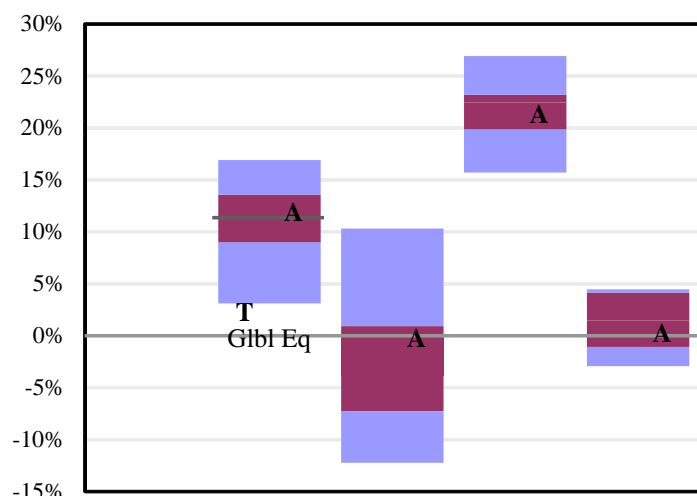


### Tradewinds vs. MSCI ACWI (Gross)

Year by Year Performance



## Tradewinds



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Tradewinds (T)	2.4	-8.1	-	-
Rank v. Gbl Equity	97	83	-	-
MSCI ACWI (A)	12.0	-0.2	21.4	0.3
Gbl Eq Median	11.4	-3.9	22.4	1.5

<u>Portfolio Characteristics</u>	<u>Tradewinds</u>	<u>MSCI ACWI</u>
Mkt Value (\$Mil)	203.71	N/A
Cash (%)	0.0 %	0.0 %

<u>Sector</u>	<u>Tradewinds</u>	<u>MSCI ACWI</u>
Energy	14.8 %	11.4 %
Materials	18.3	7.9
Industrials	15.3	10.5
Cons. Discretionary	5.1	10.5
Consumer Staples	3.1	10.2
Health Care	5.3	8.9
Financials	8.7	19.5
Info Technology	7.8	13.1
Telecom Services	11.7	4.5
Utilities	7.5	3.7

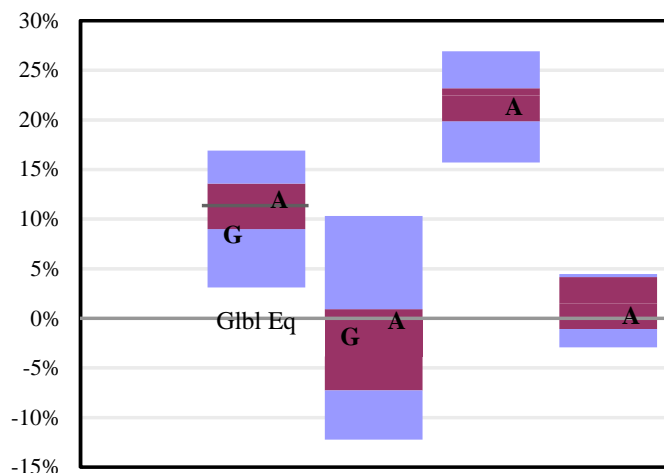
The Tradewinds portfolio returned 2.4% in the first quarter. This sharply lagged the MSCI ACWI Index return of 12.0% and ranked in the 97<sup>th</sup> percentile of global equity managers. Over the trailing year the portfolio lags the benchmark and ranked in the 83<sup>rd</sup> percentile.

The Tradewinds global equity portfolio was liquidated in April 2012 and the proceeds were placed with a transition manager until a replacement manager is selected.

The portfolio's largest economic sector over-weights were in the materials, industrials and telecom services sectors, while largest under-weights were in the in financials, consumer staples and consumer discretionary sectors.

*This page intentionally left blank.*

## Total Global Equity



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Global Equity (G)	8.5	-1.7	-	-
Rank v. Gbl Equity	80	43	-	-
MSCI ACWI (A)	12.0	-0.2	21.4	0.3
Gbl Eq Median	11.4	-3.9	22.4	1.5

<u>Portfolio Characteristics</u>	<u>Global Equity</u>	<u>MSCI ACWI</u>
Mkt Value (\$Mil)	656.46	N/A
Cash (%)	5.3 %	0.0 %

<u>Sector</u>	<u>Global Equity</u>	<u>MSCI ACWI</u>
Energy	9.4 %	11.4 %
Materials	10.9	7.9
Industrials	12.3	10.5
Cons. Discretionary	10.7	10.5
Consumer Staples	6.2	10.2
Health Care	7.5	8.9
Financials	12.9	19.5
Info Technology	11.5	13.1
Telecom Services	5.4	4.5
Utilities	4.7	3.7

The Global Equity composite returned 8.5% in the first quarter, lagging the 12.0% return of the MSCI ACWI benchmark, and ranked in the 80<sup>th</sup> percentile of global equity managers. Over the past year, the composite has returned -1.7%, below the -0.2% return of the MSCI ACWI benchmark, and ranked in the 43<sup>rd</sup> percentile.

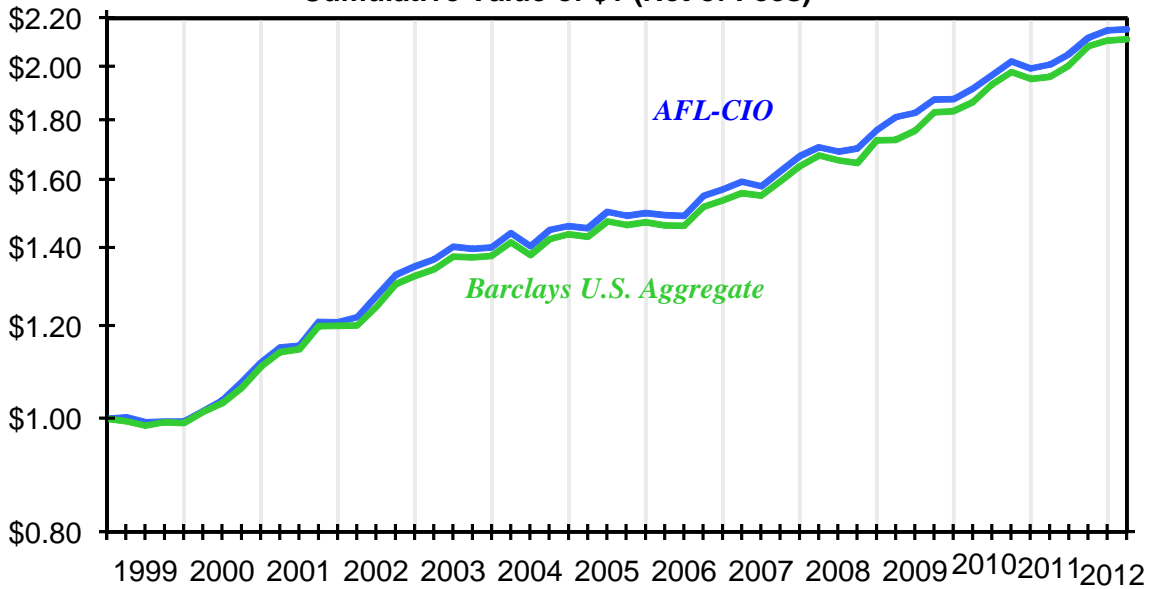
The portfolio's largest economic sector over-weights were in the materials, industrials and utilities sectors, while largest under-weights were in the financials, consumer staples and energy sectors.

**MANAGER COMMENTS – FIXED INCOME**

**AFL-CIO Housing Investment Trust**

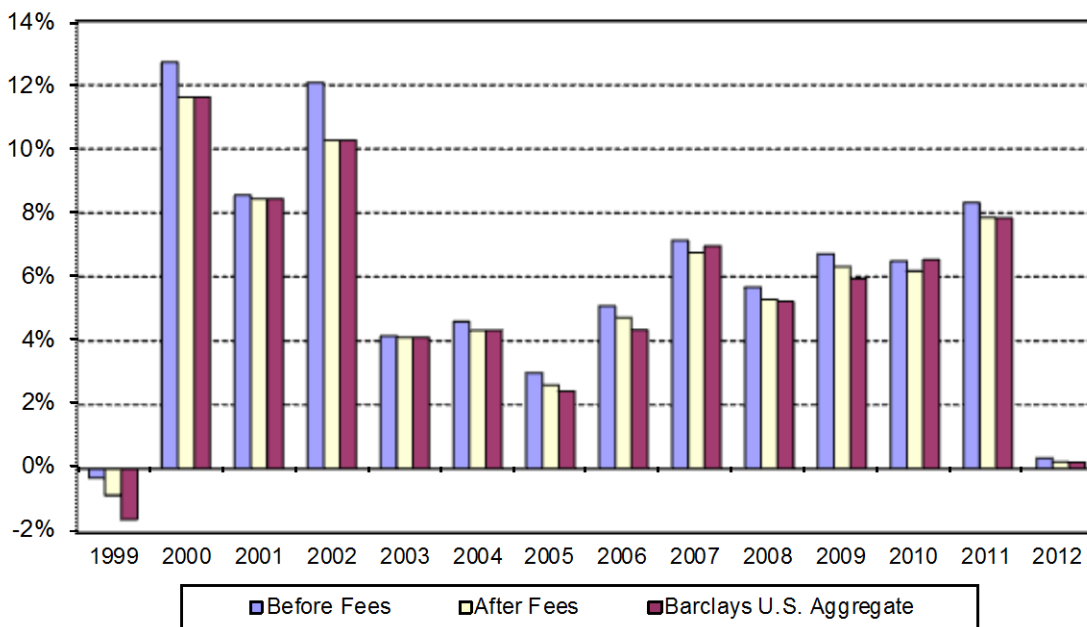
**AFL-CIO vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)



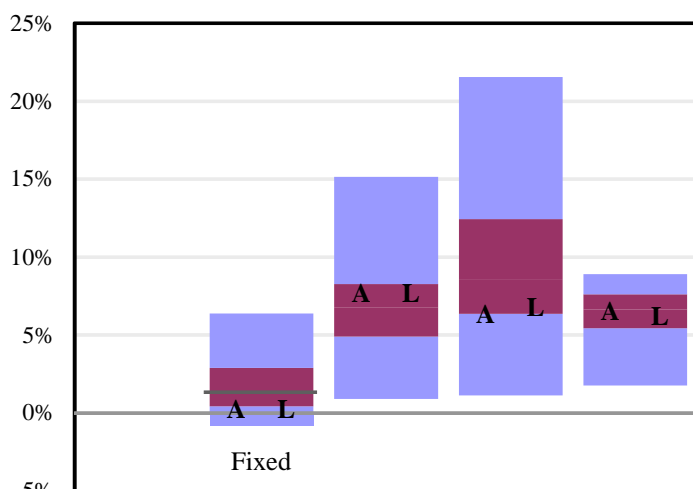
**AFL-CIO vs. Barclays U.S. Aggregate**

Year by Year Performance





## AFL-CIO Housing Investment Trust



	Qtr	1 Year	3 Years	5 Years
AFL-CIO (A)	0.3	7.7	6.4	6.6
Rank v. Fixed	79	35	75	53
BC Agg (L)	0.3	7.7	6.8	6.3
Fixed Median	1.3	6.7	8.5	6.6

Portfolio Characteristics	AFL CIO	Barclays Aggregate
Mkt Value (\$Mil)	163.0	n/a
Yield to Maturity (%)	2.8 %	2.2 %
Duration (yrs)	4.6	5.0
Avg. Quality	AGY	AA1/AA2

Sectors	AFL CIO	Barclays Aggregate
Treasury/Agency	10 %	46 %
Single-Family MBS	25	31
Multi-Family MBS	62	0
Corporates	0	20
High Yield	0	0
ABS/CMBS	0	2
Other	0	0
Cash	3	0

The AFL-CIO Housing Investment Trust (HIT) returned 0.3% in the first quarter, matching the 0.3% return of the Barclays U.S. Aggregate. The portfolio ranked in the 79<sup>th</sup> percentile of fixed income managers. For the past year, AFL-CIO returned 7.7%, again matching the 7.7% return of the Barclays U.S. Aggregate and ranked in the 35<sup>th</sup> percentile. Over the past five years, AFL-CIO has exceeded the Barclays U.S. Aggregate, but trailed the median.

At the end of the first quarter, the AFL-CIO Housing Investment Trust had 10% in US Treasury notes, 25% allocated to single-family mortgage backed securities, 62% allocated to multi-family mortgage backed securities and 3% to short-term securities. The AFL-CIO portfolio duration at the end of the first quarter was 4.6 years and the yield of the portfolio was 2.8%.

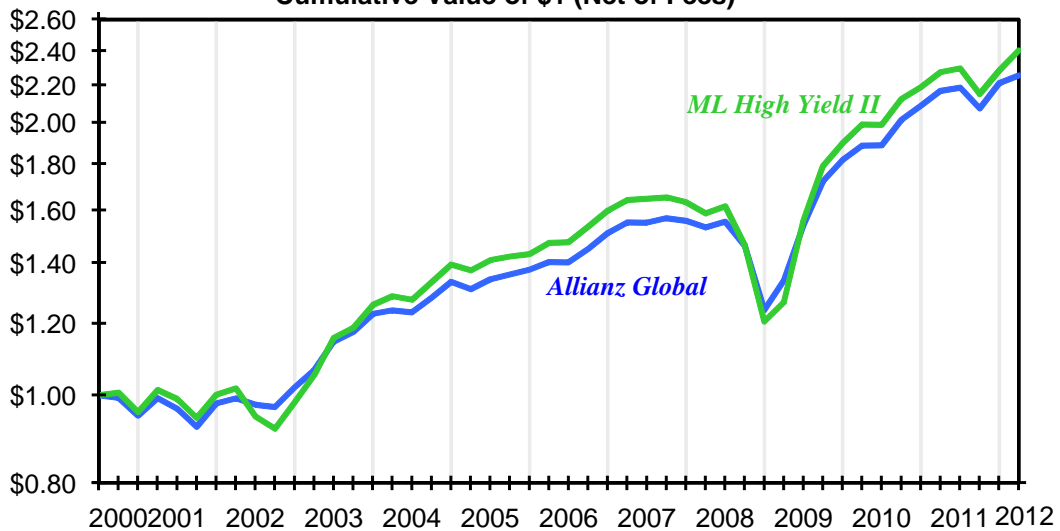
The HIT's first quarter results were helped by the portfolio's persistent yield advantage over the Barclays Aggregate Index, relatively strong performance of the multifamily MBS positions and an underweight to Treasuries. The structural overweight to spread assets helped performance in the first quarter, as did the relative performance of high quality holdings. Strong performance by corporate bonds (the best performing sector within the index), and an underweight to single family MBS hurt performance in the first quarter.

**MANAGER COMMENTS – FIXED INCOME**

**Allianz Global Investors**

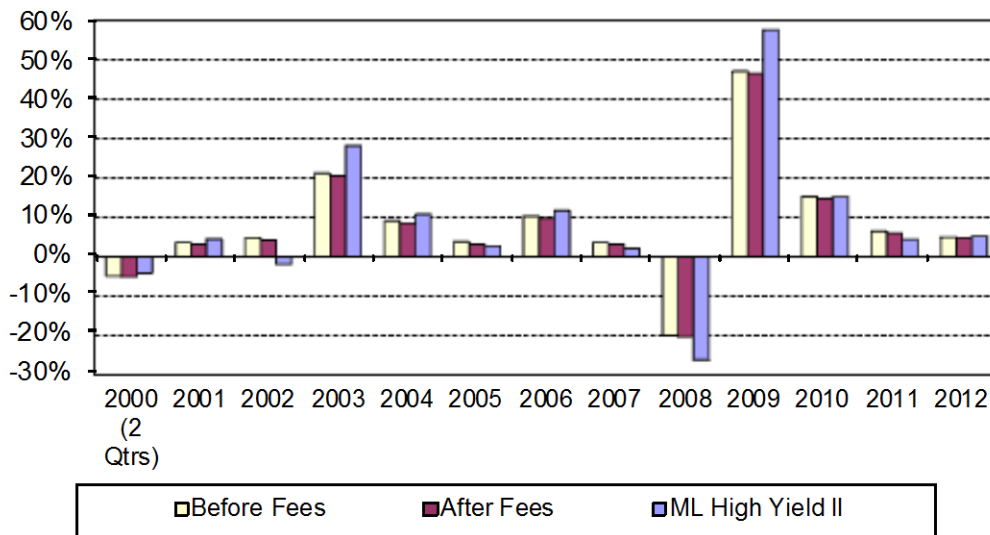
**Allianz Global vs. ML High Yield II**

Cumulative Value of \$1 (Net of Fees)

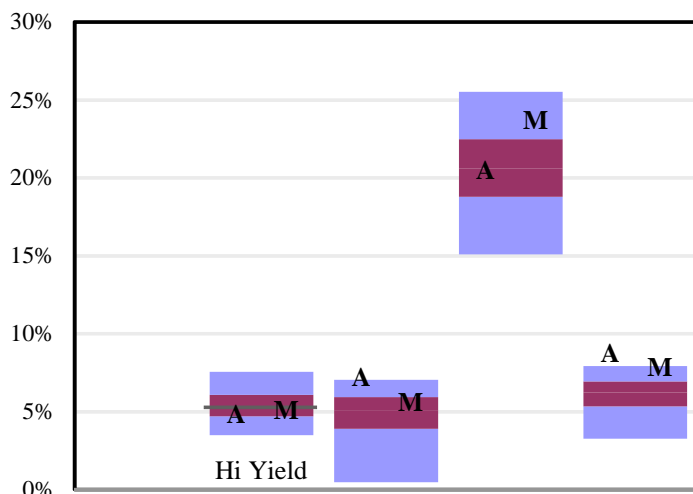


**Allianz Global vs. ML High Yield II**

Year by Year Performance



## Allianz Global Investors



Portfolio Characteristics	Allianz Global	ML High Yield II
Mkt Value (\$Mil)	264.6	n/a
Yield to Maturity (%)	8.3 %	7.7 %
Duration (yrs)	3.7	4.3
Avg. Quality	B1	B1

Quality Distribution	Allianz Global	ML High Yield II
A	0 %	0 %
BBB	2	3
BB	16	47
B	72	38
CCC	6	12

	Qtr	1 Year	3 Years	5 Years
Allianz Gblb (A)	4.9	7.3	20.6	8.8
Rank v. Hi Yield	68	4	51	1
ML HY II (M)	5.2	5.6	23.8	7.9
ML BB/B (B)	4.4	6.2	20.1	7.1
Hi Yield Median	5.3	5.1	20.6	6.2

Allianz Global's high yield fixed income portfolio returned 4.9% for the first quarter, which was below the 5.2% return of the Merrill Lynch High Yield II Index and ranked in the 68<sup>th</sup> percentile of high yield managers. Allianz Global returned 7.3% over the past year compared to 5.6% for the ML High Yield II Index and 5.1% for the median. For the five-year period, Allianz Global's return of 8.8% was better than the 7.9% return of the ML High Yield II Index and ranked in the 1<sup>st</sup> percentile.

As of March 31, 2012, the Allianz Global high yield portfolio was allocated 2% to BBB rated securities (compared to 3% for the ML High Yield II Index), 16% to BB rated issues (47% for the Index), 72% to B rated issues (38% in the Index) and 6% to CCC rated securities (12% for the Index). The portfolio's March 31, 2012 duration was 3.7 years, slightly shorter than the 4.3 year duration of the index.

The attribution for the quarter's performance came from a wide number of contributors. Issue selection was a key contributor as some of the smaller issues (by index market weight) demonstrated positive price changes. Another positive factor for the portfolio, compared to the benchmark return, was the lower allocation to low-spread, low-yield long duration issues. The portfolio typically is underweight these issues due to the diversification benefits, and return potential, of higher coupon issues. Several 'higher quality' new issues came to market in the first quarter with historically low coupons. These issues were nearly all avoided. Therefore, as interest rates rose, the portfolio was better insulated. One area of relative weakness in the portfolio resulted from the spike in prices of the lowest quality issuers. The BOAML CCC index return was 9.15% compared to returns of 4.76% for the B index and 4.12% for the BB index. The portfolio's underweight to this low quality group dragged on relative performance. But, as seen in every past cycle, these spikes have been consistently short-lived, and the companies' fundamental performance prevailed. Industry allocations that helped relative performance in the period included Energy, Automotive & Auto Parts and Healthcare. Industry allocations that hurt relative performance in the period included Banking, Telecommunications – Wireless and Super Retail.

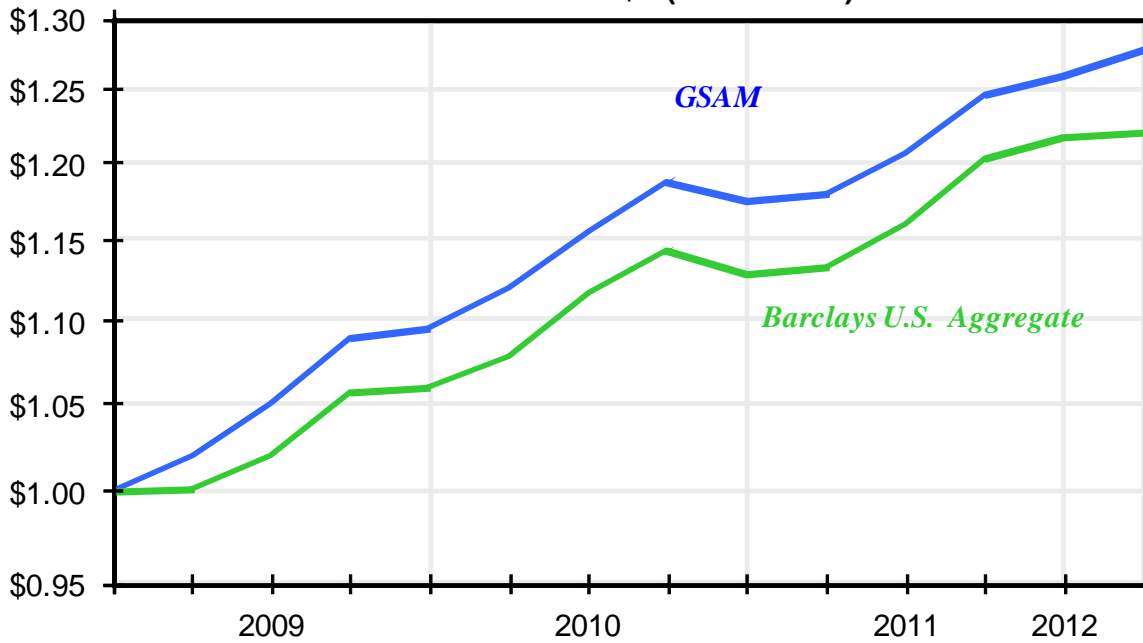
Allianz has a positive outlook for high yield in 2012. The firm feels that spreads have considerable room to tighten and corporate cash flow remains strong.

**MANAGER COMMENTS – FIXED INCOME**

**Goldman Sachs – Core Plus**

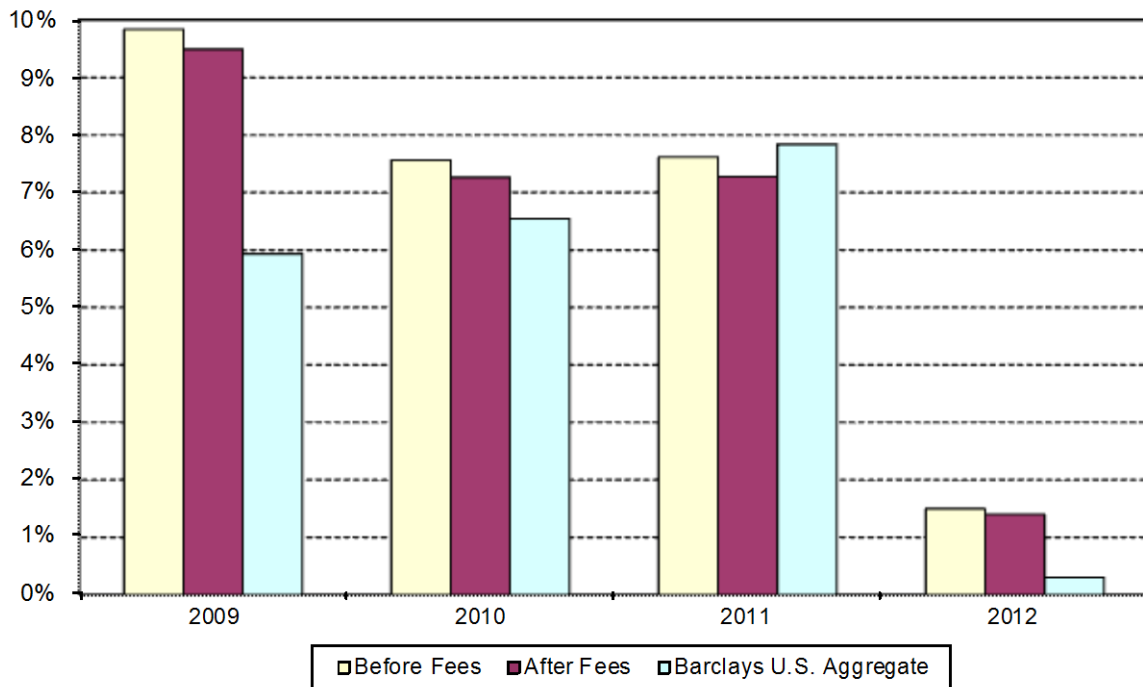
**GSAM vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

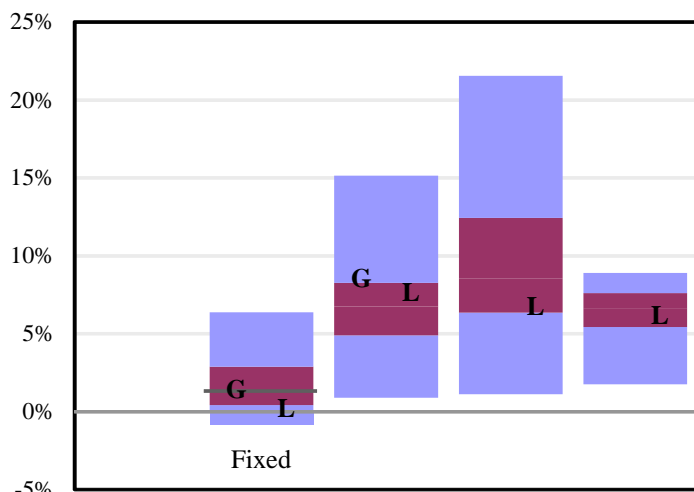


**GSAM vs. Barclays U.S. Aggregate**

Year by Year Performance



## Goldman Sachs – Core Plus



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
GSAM (G)	1.5	8.6	8.1	-
Rank v. Fixed	46	18	53	-
BC Agg (L)	0.3	7.7	6.8	6.3
BC Uni (U)	0.9	7.6	7.9	6.2
Fixed Median	1.3	6.7	8.5	6.6

Portfolio Characteristics	Goldman Sachs	Barclays Aggregate
Mkt Value (\$Mil)	213.9	n/a
Yield to Maturity (%)	3.3 %	2.2 %
Duration (yrs)	4.9	5.0
Avg. Quality	AA+	AA1/AA2

Sectors	Goldman Sachs	Barclays Aggregate
Treasury/Agency	29 %	46 %
Mortgages	30	31
Corporates	19	20
High Yield	0	0
Asset-Backed	0	2
CMBS	0	0
International	0	0
Emerging Markets	0	0
Other	15	0
Cash	6	0

The Goldman Sachs core plus portfolio returned 1.5% in the first quarter, better than the 0.3% return of the Barclays U.S. Aggregate Index, and ranked in the 46<sup>th</sup> percentile of fixed income managers. Over the past three years, GSAM returned 8.1%, better than the 6.8% return of the Barclays U.S. Aggregate Index, but ranked in the 53<sup>rd</sup> percentile.

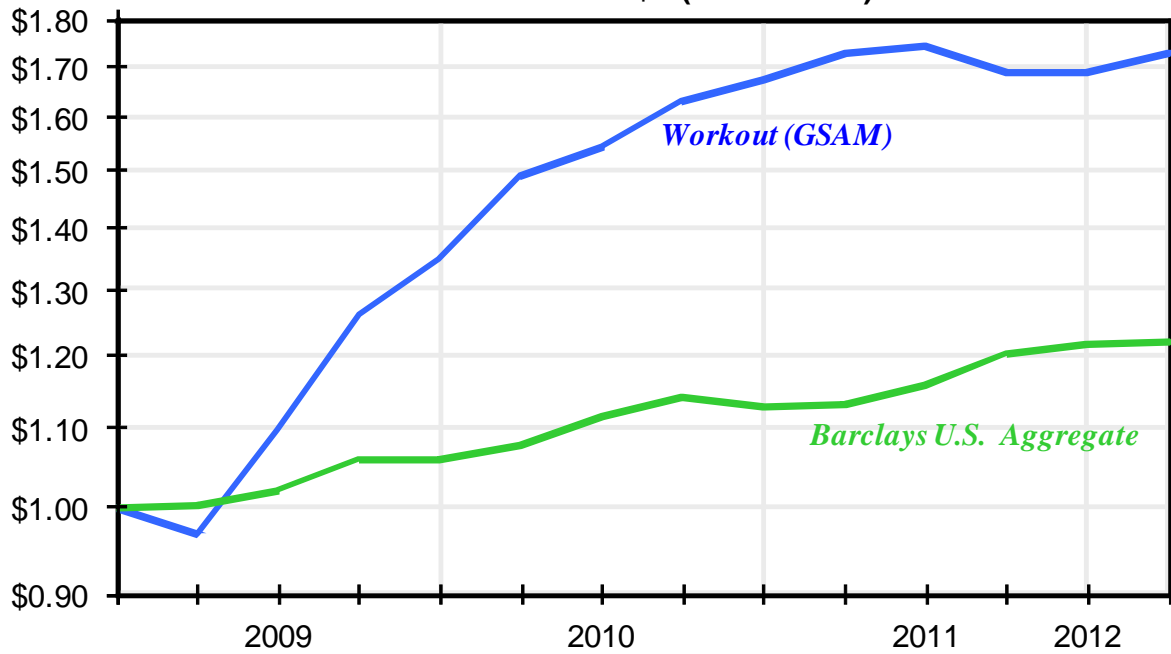
At the end of the first quarter, Goldman Sachs was underweight in the government, mortgage and investment-grade corporate debt sectors. The duration of the Goldman fixed income portfolio at the end of the first quarter was 4.9 years, which was shorter than the benchmark but somewhat longer than the prior quarter. The portfolio continues to have a yield advantage over the index.

**MANAGER COMMENTS – FIXED INCOME**

**Workout Portfolio - Managed by Goldman Sachs**

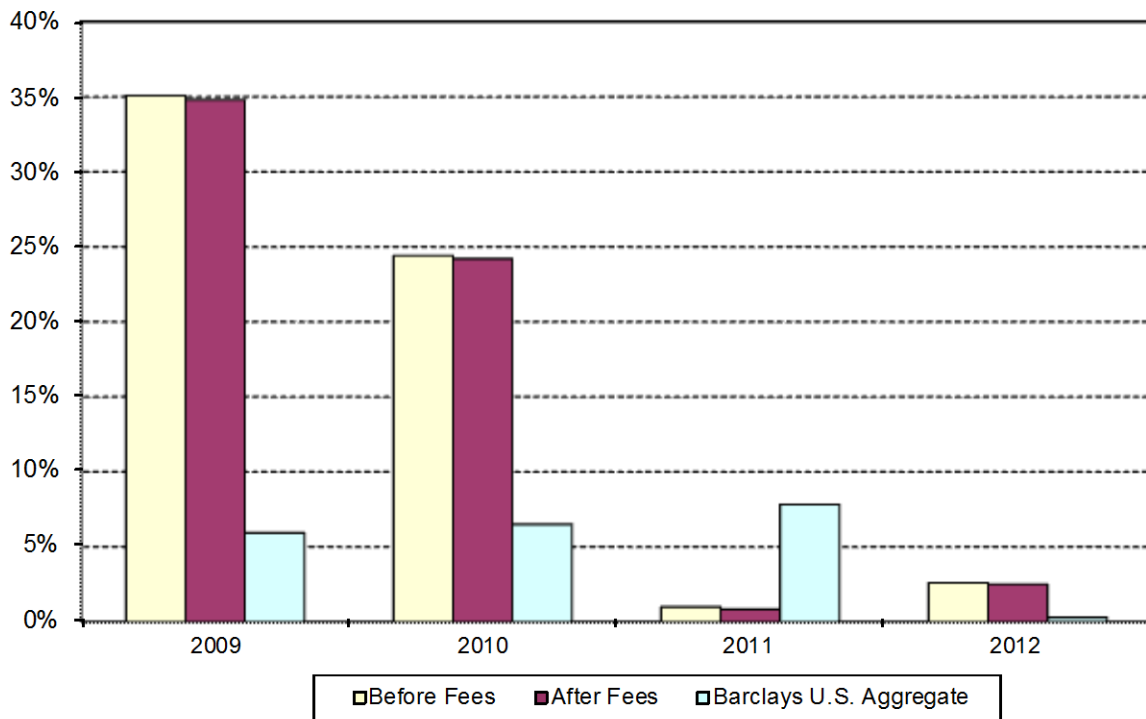
**Workout vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

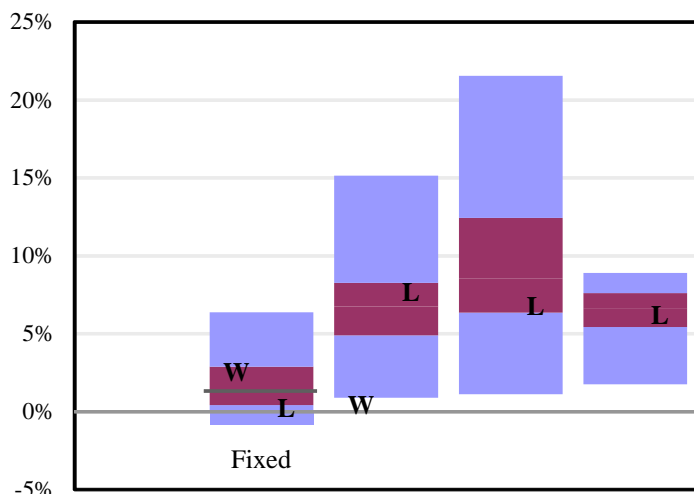


**Workout vs. Barclays U.S. Aggregate**

Year by Year Performance



## Workout Portfolio – Managed by Goldman Sachs



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Workout (W)	2.6	0.4	21.6	-
Rank v. Fixed	30	95	4	-
BC Agg (L)	0.3	7.7	6.8	6.3
BC Uni (U)	0.9	7.6	7.9	6.2
Fixed Median	1.3	6.7	8.5	6.6

Portfolio Characteristics	Workout (GSAM)	Barclays Aggregate
Mkt Value (\$Mil)	8.1	n/a
Yield to Maturity (%)	2.5 %	2.2 %
Duration (yrs)	0.0	5.0
Avg. Quality	A+	AA1/AA2

Sectors	Workout (GSAM)	Barclays Aggregate
Treasury/Agency	0 %	46 %
Mortgages	83	31
Corporates	0	20
High Yield	0	0
Asset-Backed	0	2
CMBS	0	0
International	0	0
Emerging Markets	0	0
Other	14	0
Cash	3	0

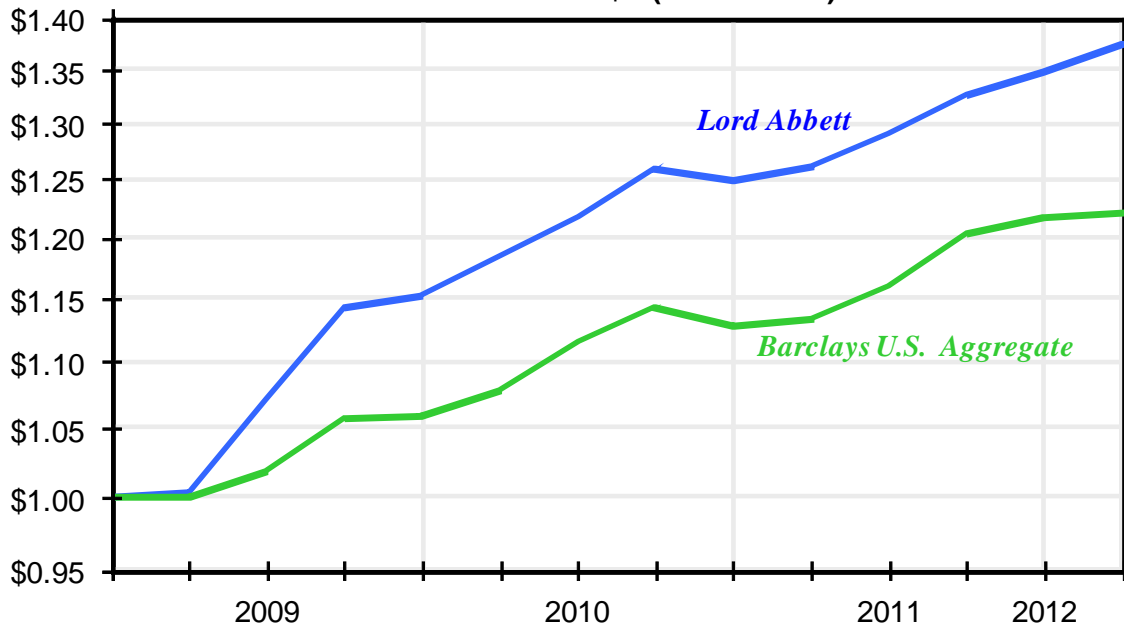
The workout (legacy WAMCO) portfolio is comprised primarily of mortgage-backed securities.

During the first quarter, this legacy portfolio returned 2.6%, better than the Barclays U.S. Aggregate return of 0.3%, and ranked in the 30<sup>th</sup> percentile of fixed income managers. Over the past three years, the portfolio has returned 21.6%, better than the 6.8% return of the index, and ranked in the 4<sup>th</sup> percentile.

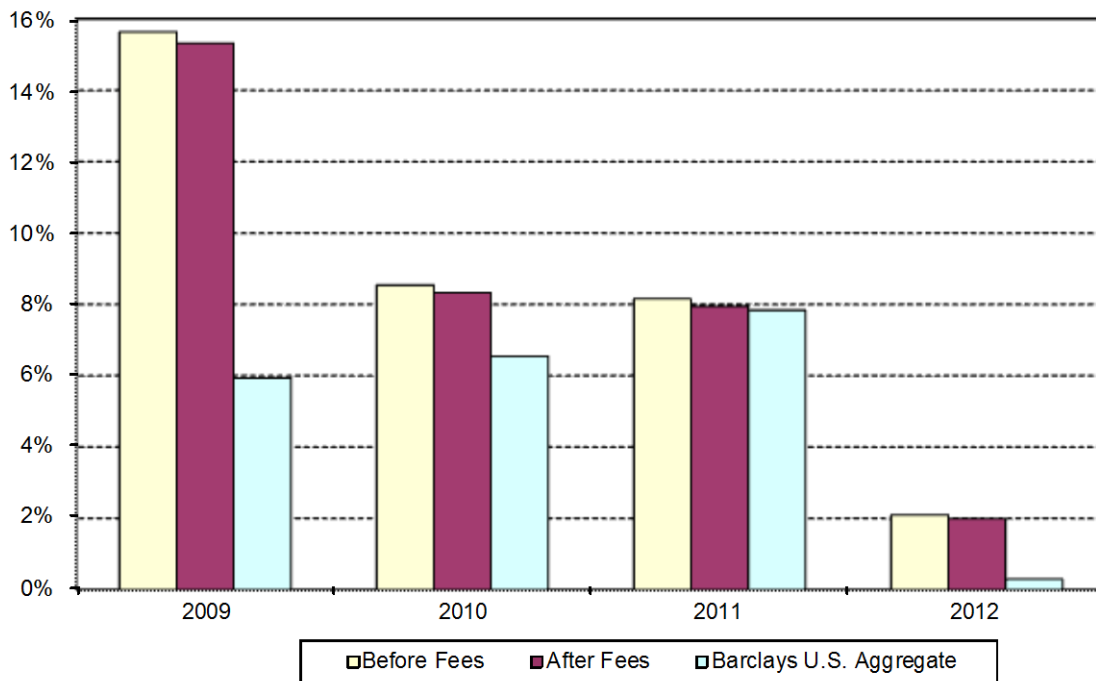
**MANAGER COMMENTS – FIXED INCOME**

**Lord Abbett**

**Lord Abbett vs. Barclays U.S. Aggregate**  
 Cumulative Value of \$1 (Net of Fees)

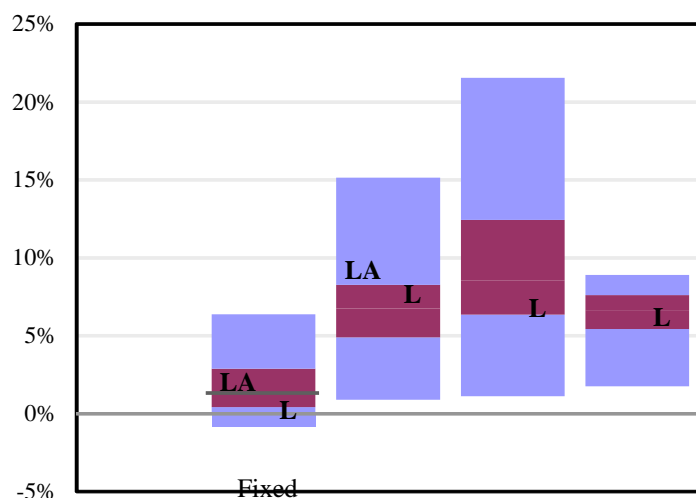


**Lord Abbett vs. Barclays U.S. Aggregate**  
 Year by Year Performance





## Lord Abbett



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Lord Abbett (LA)	2.1	9.2	11.3	-
Rank v. Fixed	35	14	28	-
BC Agg (L)	0.3	7.7	6.8	6.3
BC Uni (U)	0.9	7.6	7.9	6.2
Fixed Median	1.3	6.7	8.5	6.6

<b>Portfolio Characteristics</b>	<b>Lord Abbett</b>	<b>Barclays Aggregate</b>
Mkt Value (\$Mil)	218.3	n/a
Yield to Maturity (%)	4.2 %	2.2 %
Duration (yrs)	4.9	5.0
Avg. Quality	A	AA1/AA2

<b>Sectors</b>	<b>Lord Abbett</b>	<b>Barclays Aggregate</b>
Treasury/Agency	18 %	46 %
Mortgages	32	31
Corporates	39	20
High Yield	0	0
Asset-Backed	0	2
CMBS	0	0
International	5	0
Emerging Markets	0	0
Other	23	0
Cash	-15	0

During the first quarter, Lord Abbett returned 2.1%, better than the 0.3% return of the Barclays U.S. Aggregate, and ranked in the 35<sup>th</sup> percentile of fixed income managers. Over the past three years, the portfolio has returned 11.3%, above the Barclays U.S. Aggregate return of 6.8%, and ranked in the 28<sup>th</sup> percentile.

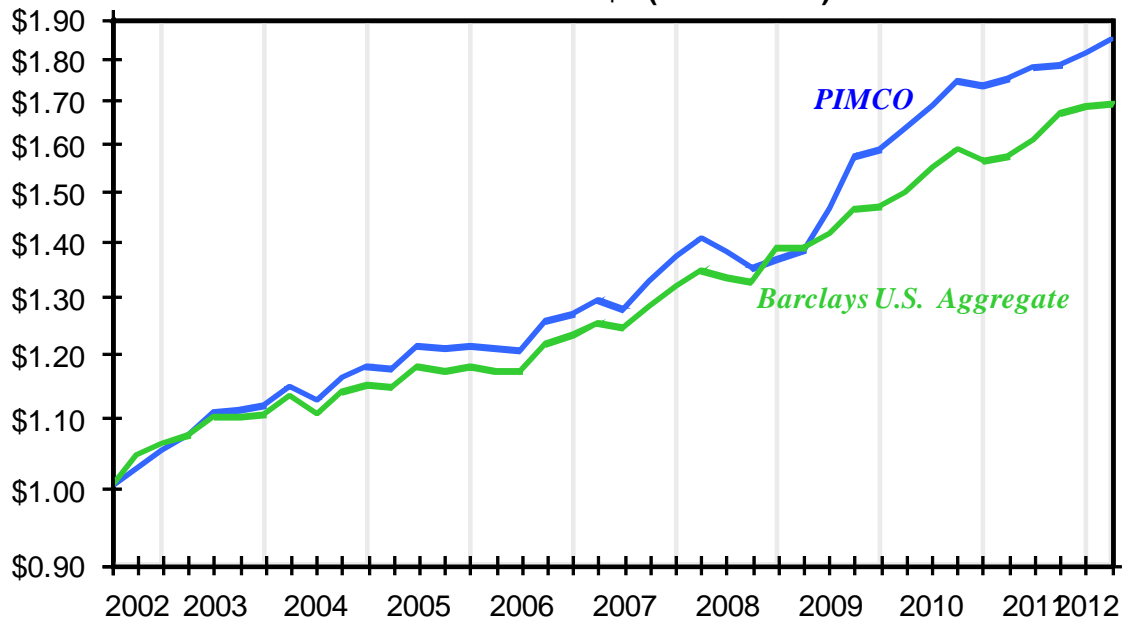
At the end of the first quarter, Lord Abbett was overweight relative to the Barclays U.S. Aggregate in the mortgages, and investment grade corporates sectors. Lord Abbett was underweight in the US government sector. The duration of the fixed income portfolio was 4.9 years, slightly shorter than the benchmark. The portfolio has a significant yield advantage over the index.

The portfolio's overweight to investment-grade and high-yield corporate bonds, commercial mortgage-backed securities (CMBS), and fixed-rate agency mortgage backed securities (MBS) helped performance during the first quarter, as spreads continued to tighten across sectors due to increased risk appetite among bond investors. The most significant factor contributing to performance was the portfolio's overweight in CMBS, which was one of the best performing sectors of the bond market during the quarter. Another factor contributing to performance was security selection in fixed-rate agency mortgage-backed securities (MBS), as well as a slight overweight in the sector. An underweight in agency debentures detracted from relative performance.

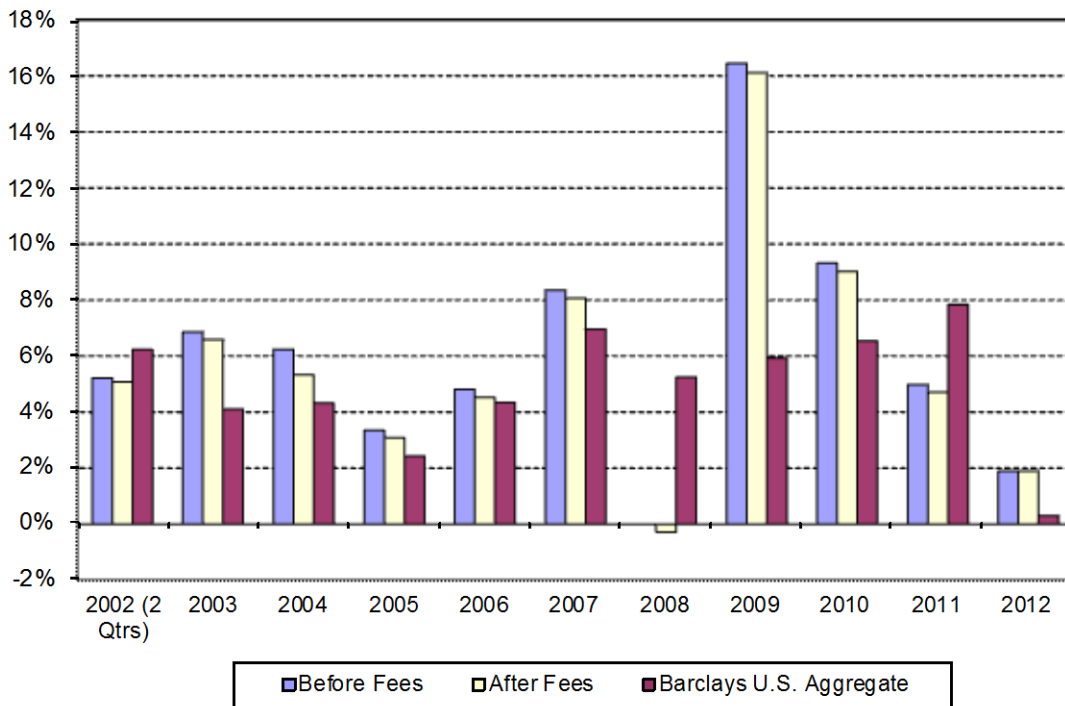
MANAGER COMMENTS – FIXED INCOME

PIMCO Core Plus

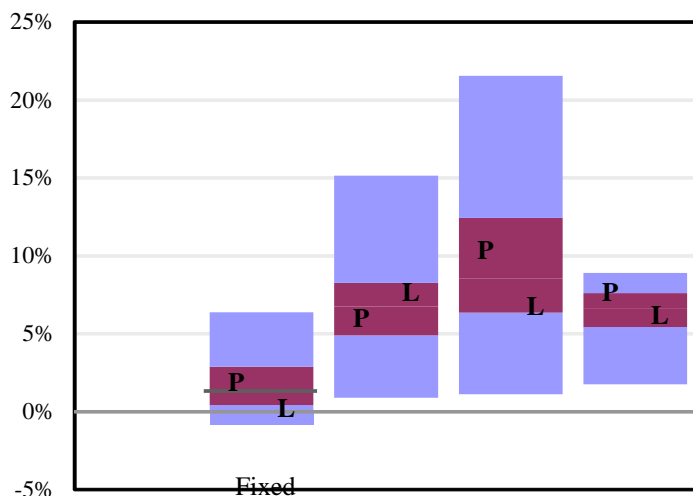
**PIMCO vs. Barclays U.S. Aggregate**  
Cumulative Value of \$1 (Net of Fees)



**PIMCO vs. Barclays U.S. Aggregate**  
Year by Year Performance



## PIMCO Core Plus



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
PIMCO (P)	1.9	6.0	10.4	7.7
Rank v. Fixed	37	61	31	22
BC Agg (L)	0.3	7.7	6.8	6.3
BC Uni (U)	0.9	7.6	7.9	6.2
Fixed Median	1.3	6.7	8.5	6.6

Portfolio Characteristics	PIMCO	Barclays Aggregate
Mkt Value (\$Mil)	287.4	n/a
Yield to Maturity (%)	6.3 %	2.2 %
Duration (yrs)	4.7	5.0
Avg. Quality	AA	AA1/AA2

Sectors	PIMCO	Barclays Aggregate
Treasury/Agency	27 %	46 %
Mortgages	34	31
Corporates	17	20
High Yield	0	0
Asset-Backed	0	2
CMBS	0	0
International	11	0
Emerging Markets	0	0
Other	1	0
Cash	10	0

PIMCO's return of 1.9% for the first quarter was better than the 0.3% return of the Barclays U.S. Aggregate and ranked in the 37<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of 6.0% trailed the 7.7% return of the Barclays U.S. Aggregate and ranked in the 61<sup>st</sup> percentile. Over the past five years, the portfolio has returned 7.7%, better than the Barclays U.S. Aggregate return of 6.3%, and ranked in the 22<sup>nd</sup> percentile.

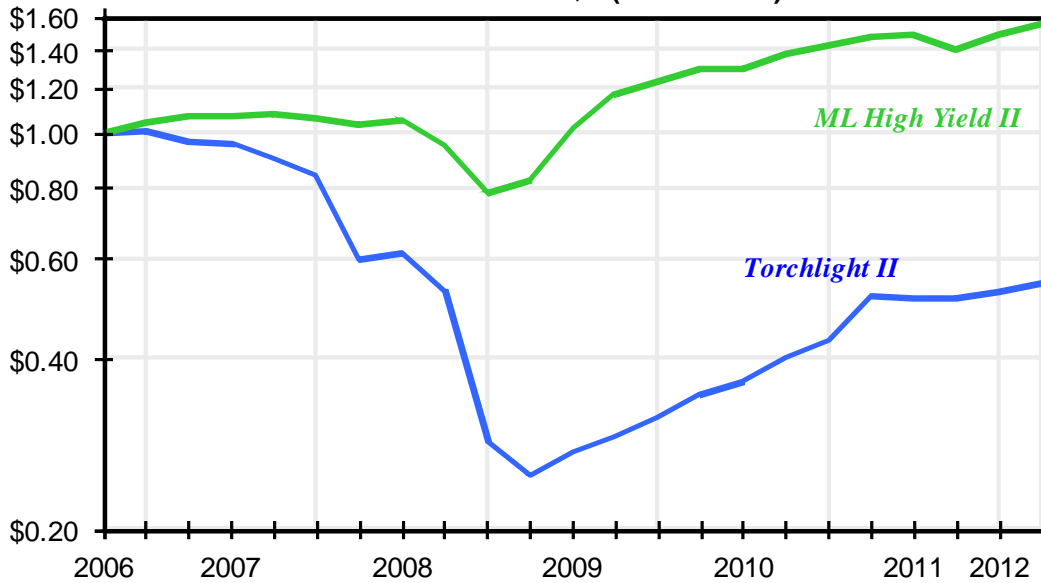
At the end of the first quarter, PIMCO continued to hold underweight positions in government and investment-grade corporate issues. The mortgage allocation was slightly above that of the index. PIMCO held overweight positions in non-index sectors, including non-US sovereign debt. The duration of the PIMCO fixed income portfolio at the end of the first quarter was 4.7 years, somewhat shorter than the benchmark, and much shorter than the prior quarter duration of 6.0 years. The portfolio had a significant yield advantage compared to the Barclays Aggregate.

PIMCO's performance was helped by several strategies: an underweight to longer maturities as the U.S. yield curve steepened amid inflation concerns, an overweight to emerging markets (especially Russia and Brazil), an allocation to non-Agency mortgages, amid increased demand for risk assets, and an overweight to Agency-mortgage backed securities, as this sector outperformed Treasuries. Exposure to non-US developed rates, especially in Canada, hurt performance as rates rose in most developed markets.

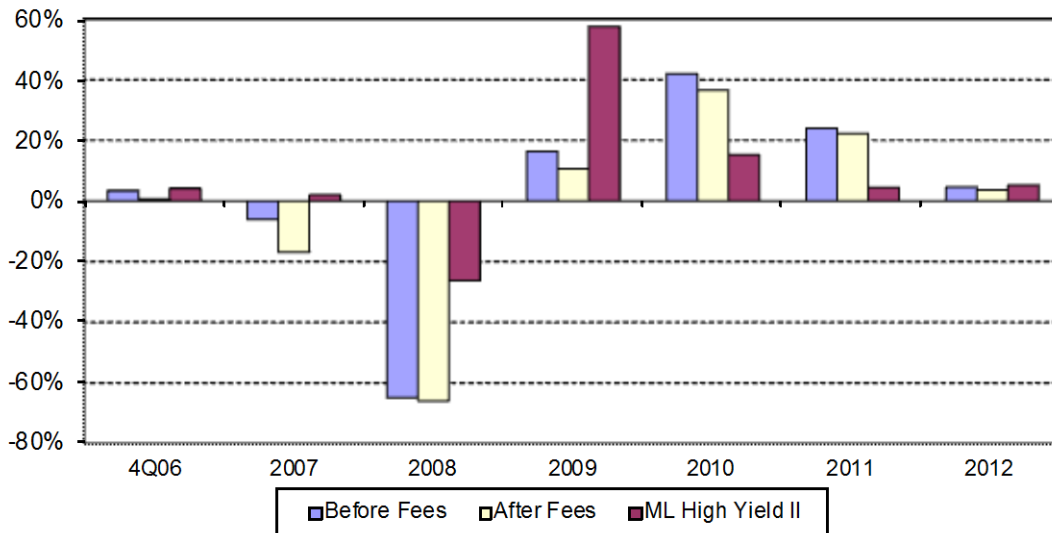
MANAGER COMMENTS – FIXED INCOME

Torchlight II

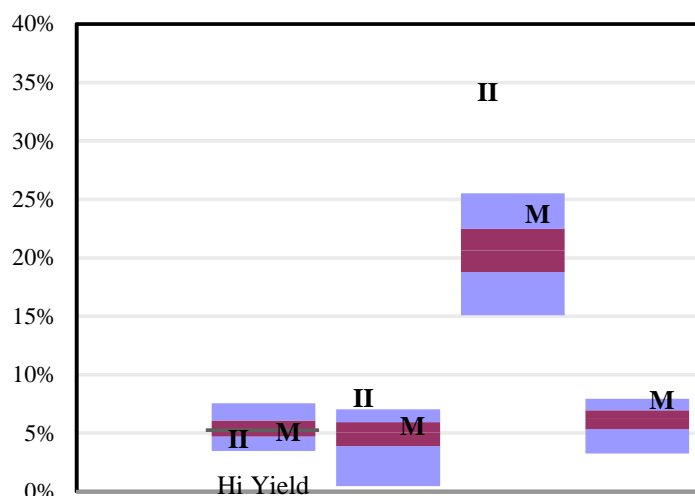
**Torchlight II vs. ML High Yield II**  
Cumulative Value of \$1 (Net of Fees)



**Torchlight II vs. ML High Yield II**  
Year by Year Performance



## Torchlight II



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Torchlight II (II)	4.6	8.0	34.2	-7.4
Rank v. Hi Yield	78	2	1	98
ML HY II (M)	5.2	5.6	23.8	7.9
Hi Yield Median	5.3	5.1	20.6	6.2

Portfolio Characteristics	Torchlight II	ML High Yield II
Mkt Value (\$Mil)	55.0	n/a
Yield to Maturity (%)	38.5 %	7.7 %
Duration (yrs)	6.0	4.3
Avg. Quality	BBB-	B1

Quality Distribution	Torchlight II	ML High Yield II
AAA	41 %	0 %
AA	8	0
A	11	0
BBB	21	3
BB	0	47
B	7	38
CCC	0	12
Not Rated	0	0
Other	12	0

Torchlight II returned 4.6% for the first quarter. This return was below than the Merrill Lynch High Yield Master II return of 5.2% and ranked in the 78<sup>th</sup> percentile in the universe of high yield portfolios. Over the past three years, the fund has returned 34.2%, well above the index return of 23.8%, and ranked in the 1<sup>st</sup> percentile. Over the past five years, the portfolio has returned -7.4%, well below the index return of 7.9%, and ranked in the 98<sup>th</sup> percentile again. The five-year time-weighted results thus far look poor.

As of March 31, 2012, Torchlight Debt Opportunity Fund II had called all capital commitments and had investments in 41 deals with an amortized cost of \$540.1 million. Fund II has a current NAV of \$314.4 million and has made \$131.2 million in distributions since the inception of the Fund. Excluding interest rate swaps, Fund II has a modified duration of 6.1 years and has an average nominal yield to maturity of 8.28%. Based on acquisition value and ratings at the time of purchase, Fund II is comprised of 71.4% investment grade CMBS, 9.9% non-investment grade CMBS, 16.0% commercial real estate related loans, and 2.7% commercial real estate CDO's.

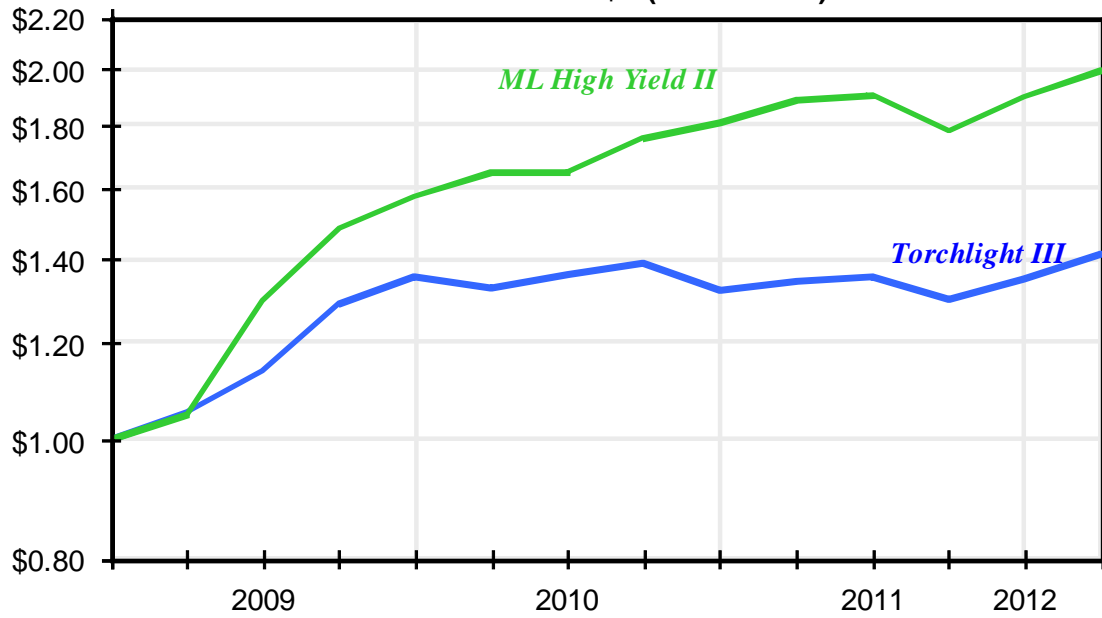
The higher-quality, more defensive positions acquired by the Fund (accounting for 62.5% of the current NAV of the portfolio) continue to demonstrate their resilience. With regard to the lower-quality positions in the portfolio, we have experienced some additional credit deterioration. Currently, 16 deals (accounting for 31.1% of committed capital and 2.5% of the current NAV) have ceased to cashflow.

Through December 31, 2008, valuing the portfolio at liquidation value led to disappointing performance (-64% on committed capital, bringing the equity multiple to 0.36x on committed capital). From that point forward, the Fund has experienced steady gains. Since the end of 2008, including \$83.0 million distributed to investors during the period, the NAV has increased 87.2%, bringing the equity multiple to 0.61x on committed capital.

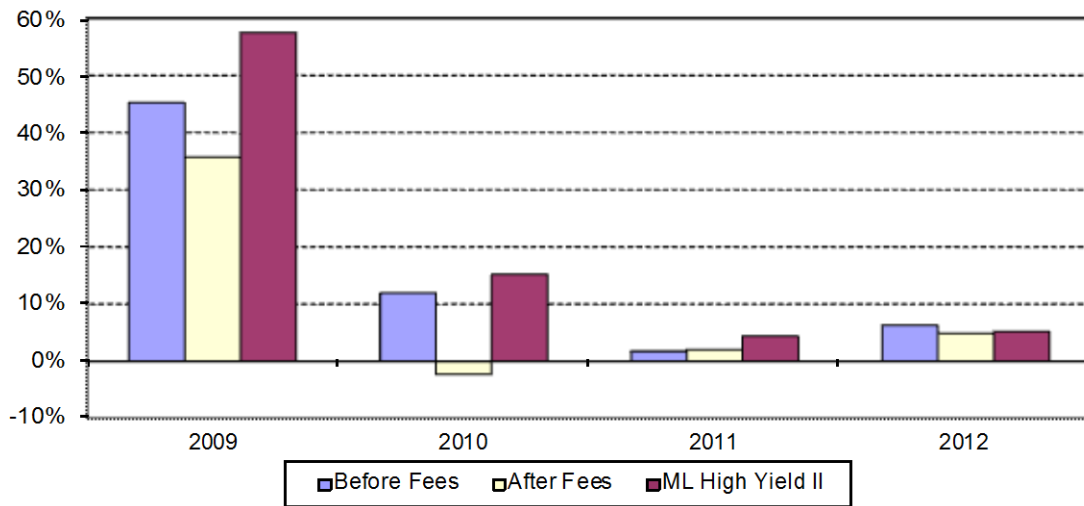
MANAGER COMMENTS – FIXED INCOME

Torchlight III

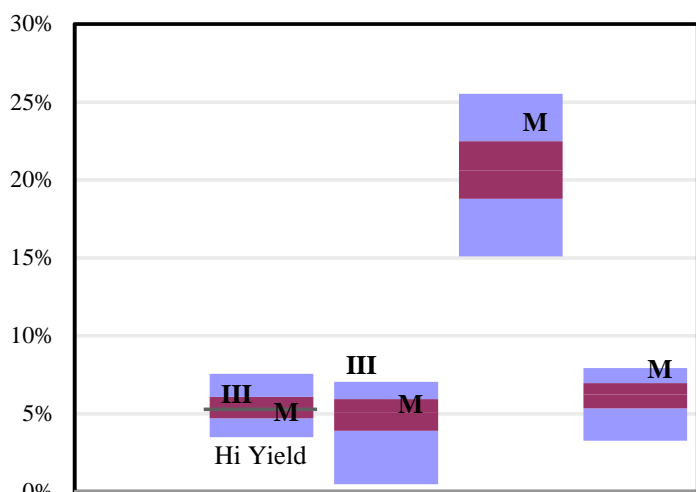
**Torchlight III vs. ML High Yield II**  
Cumulative Value of \$1 (Net of Fees)



**Torchlight III vs. ML High Yield II**  
Year by Year Performance



## Torchlight III



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Torchlight III (III)	6.3	8.1	18.6	-
Rank v. Hi Yield	22	1	76	-
ML HY II (M)	5.2	5.6	23.8	7.9
Hi Yield Median	5.3	5.1	20.6	6.2

Portfolio Characteristics	Torchlight III	ML High Yield II
Mkt Value (\$Mil)	78.3	n/a
Yield to Maturity (%)	38.3 %	7.7 %
Duration (yrs)	3.3	4.3
Avg. Quality	BBB-	B1

Quality Distribution	Torchlight III	ML High Yield II
AAA	24 %	0 %
AA	0	0
A	12	0
BBB	17	3
BB	9	47
B	31	38
CCC	0	12
Not Rated	7	0
Cash	0	0

In the first quarter, Fund III returned 6.3%, better than the 5.2% return of the Merrill Lynch High Yield II Index. This return ranked in the 22<sup>nd</sup> percentile of high yield managers. Over the past three years, the fund has returned 18.6%, trailing the index return of 23.8% and ranked in the 76<sup>th</sup> percentile.

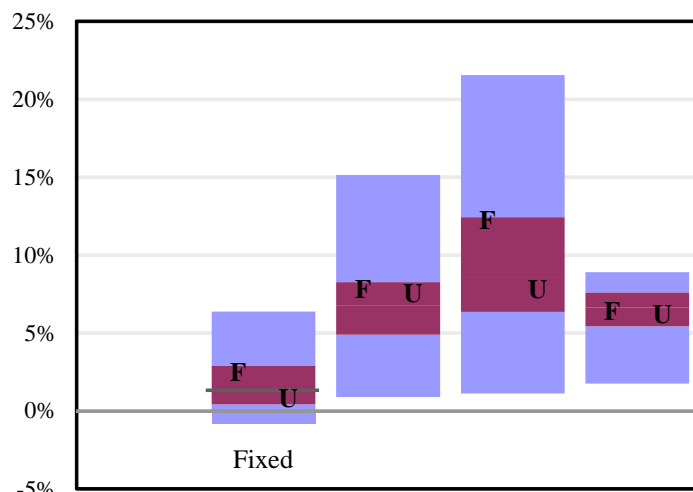
As of March 31, 2012, Torchlight Debt Opportunity Fund III has called down 100% of committed capital and acquired a portfolio of 129 investments at an amortized cost of \$862.5 million. Fund III is currently comprised of 19.0% Credit CMBS, 30.3% CMBS IO, 15.2% CRE CDO, 10.8% CRE Loans and Mezzanine Notes, 17.6% Subordinate CMBS, 6.3% IO Re-Remic and 0.8% of commercial real estate municipal bonds (based on acquisition value). Since inception, Fund III has generated \$52.5 million in net realized gains and a net equity multiple of 1.13x through March 31, 2012.

*This page was intentionally left blank.*



## MANAGER COMMENTS – FIXED INCOME

### Total Domestic Fixed Income



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Fixed (F)	2.6	7.9	12.3	6.5
Rank v. Fixed	30	31	25	55
BC Uni (U)	0.9	7.6	7.9	6.2
BC Agg (L)	0.3	7.7	6.8	6.3
Fixed Median	1.3	6.7	8.5	6.6

Portfolio Characteristics	Total Fixed	Barclays Universal
Mkt Value (\$Mil)	1,288.6	n/a
Yield to Maturity (%)	8.7 %	2.7 %
Duration (yrs)	4.5	5.0
Avg. Quality	AA	AA

Sectors	Total Fixed	Barclays Universal
Treasury/Agency	15 %	44 %
Mortgages	29	27
Corporates	14	26
High Yield	23	0
Asset-Backed	0	2
CMBS	8	0
International	3	0
Emerging Markets	0	0
Other	7	0
Cash	1	0

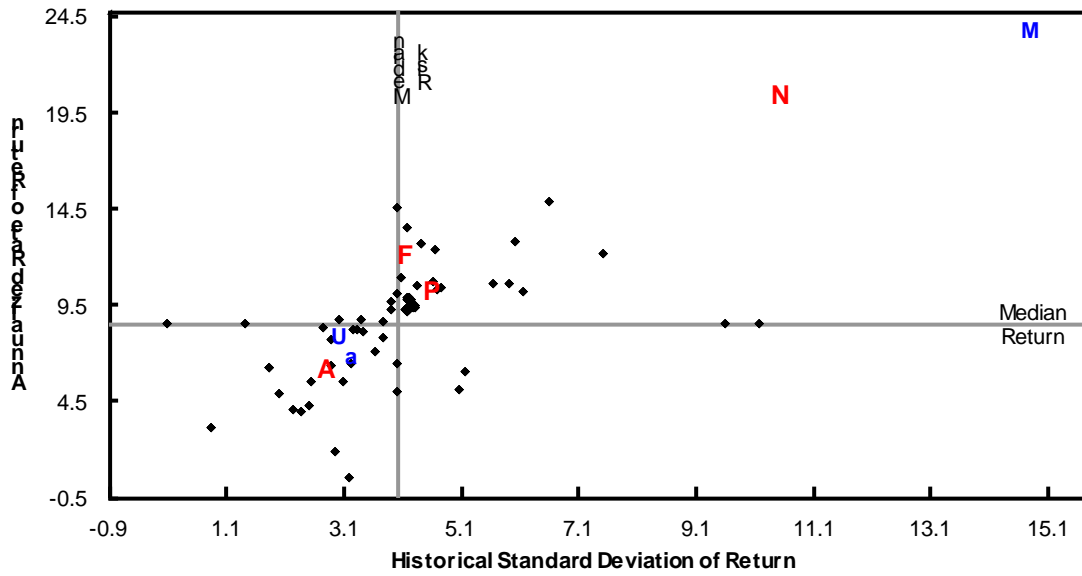
CCCERA total fixed income returned 2.6% in the first quarter, which exceeded the 0.9% return of the Barclays Universal and the 0.3% return of the Barclays U.S. Aggregate, ranking in the 30<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, CCCERA's total fixed income returned 7.9%, better than the 7.6% return of the Barclays Universal and the 7.7% return of the Barclays U.S. Aggregate. The CCCERA total fixed income returns exceeded the Barclays Universal Index over the past three and five years.

At the end of the first quarter, the aggregate fixed income position was underweight relative to the Barclays Universal in the US government and investment grade corporate debt sectors. These underweight positions were primarily offset by larger positions in mortgages, high yield and CMBS debt. The duration of the total fixed income portfolio at the end of the first quarter was 4.6 years, shorter than the 5.0 year duration of the index.

# MANAGER COMMENTS – FIXED INCOME

## Domestic Fixed Income Performance and Variability

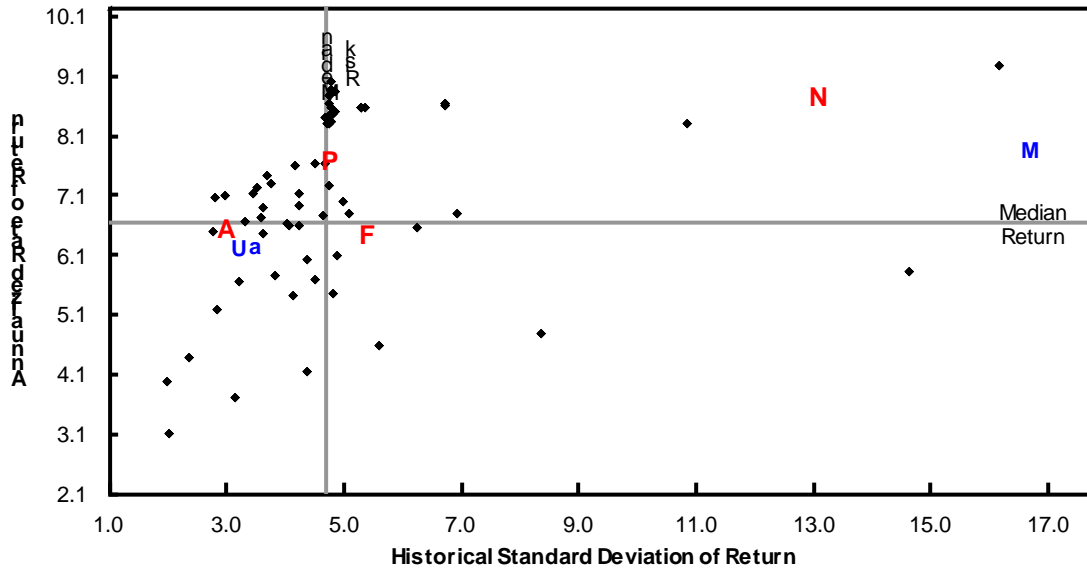
Three Years Ending March 31, 2012



Domestic Bond Managers	Annualized Return	Standard Deviation	Risk/Reward Ratio
AFL-CIO ( <b>A</b> )	6.4 %	2.8 %	2.26
Nicholas Applegate ( <b>N</b> )	20.6	10.5	1.95
PIMCO ( <b>P</b> )	10.4	4.6	2.26
Total Fixed ( <b>F</b> )	12.3	4.1	2.94
Barclays Aggregate ( <b>a</b> )	6.8	3.2	2.10
ML High Yield II ( <b>M</b> )	23.8	14.8	1.60
Barclays Universal ( <b>U</b> )	7.9	3.0	2.60
Median Bond Portfolio	8.5	4.0	2.12

## Domestic Fixed Income Performance and Variability

Five Years Ending March 31, 2012



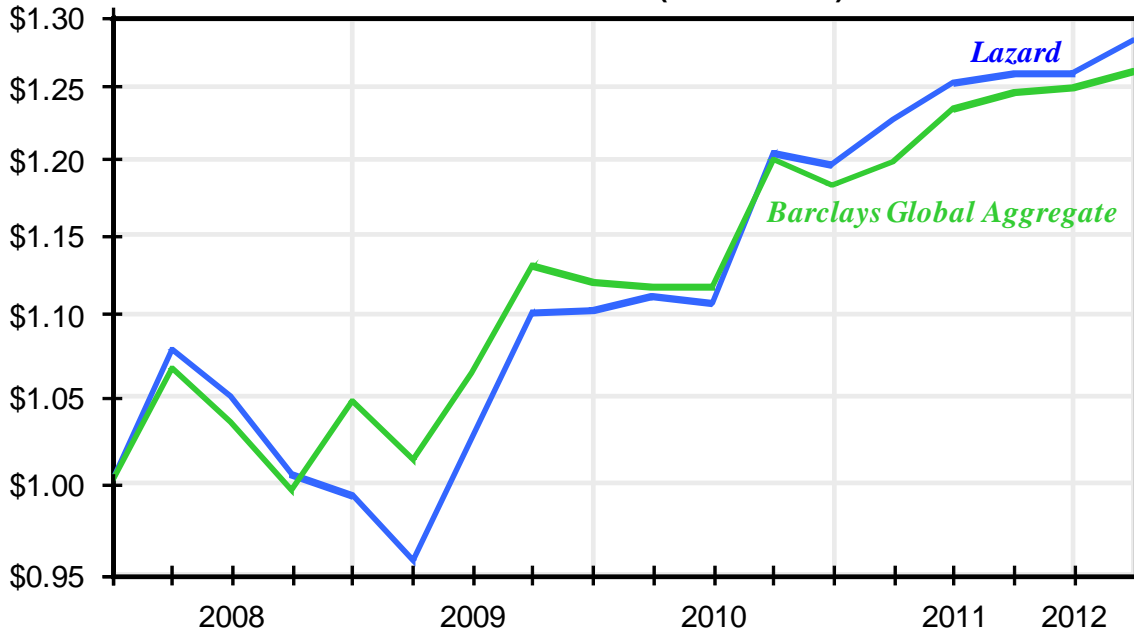
	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Domestic Bond Managers			
AFL-CIO ( <b>A</b> )	6.6 %	3.0 %	1.78
Nicholas Applegate ( <b>N</b> )	8.8	13.1	0.58
PIMCO ( <b>P</b> )	7.7	4.8	1.36
Total Fixed ( <b>F</b> )	6.5	5.4	0.97
Barclays Aggregate ( <b>a</b> )	6.3	3.5	1.43
ML High Yield II ( <b>M</b> )	7.9	16.7	0.40
Barclays Universal ( <b>U</b> )	6.2	3.2	1.57
Median Bond Portfolio	6.6	4.7	1.16

**MANAGER COMMENTS – GLOBAL FIXED INCOME**

**Lazard Asset Management**

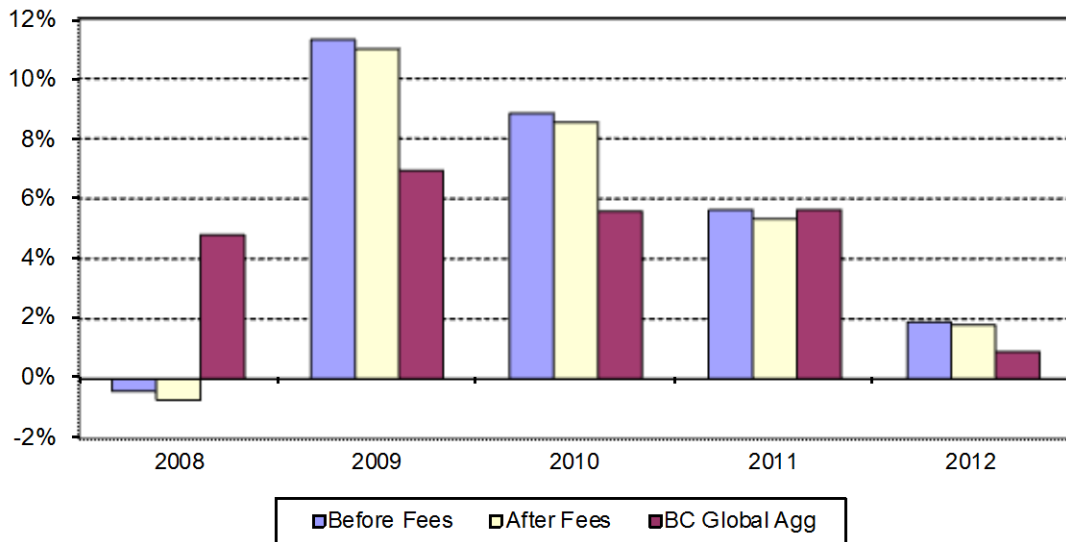
**Lazard vs. Barclays Global Aggregate**

Cumulative Value of \$1 (Net of Fees)

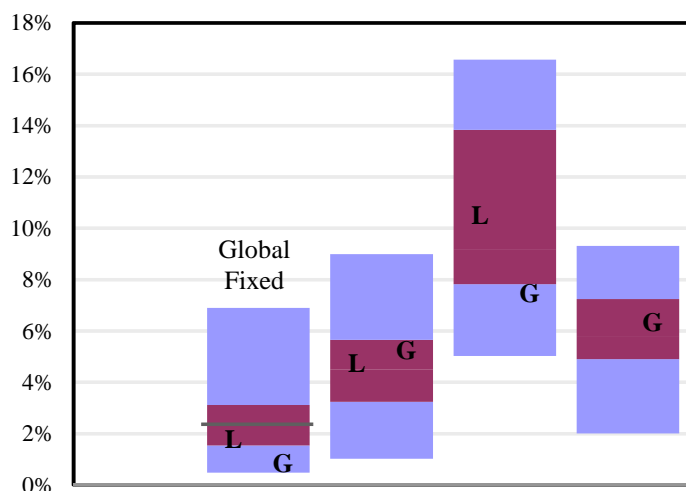


**Lazard vs. Barclays Global Aggregate**

Year by Year Performance



## Lazard Asset Management



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Lazard (L)	1.8	4.8	10.5	-
Rank v. Glob FI	63	46	41	-
BC Global (G)	0.9	5.3	7.5	6.4
GI Fixed Median	2.4	4.5	9.2	5.8

<b>Portfolio Characteristics</b>	<b>Lazard Asset Mgmt</b>	<b>Barclays Global Aggregate</b>
Mkt Value (\$Mil)	207.8	n/a
Yield to Maturity (%)	3.5 %	2.2 %
Duration (yrs)	5.0	5.9
Avg. Quality	AA-	AA+

<b>Sectors</b>	<b>Lazard Asset Mgmt</b>	<b>Barclays Global Aggregate</b>
Treasury/Sovereign	32 %	54 %
Agency/Supranational	29	10
Sovereign External Debt	0	0
Corporate	19	16
High Yield	2	0
Emerging Markets	19	3
Mortgage	0	17
Other	0	0

Lazard Asset Management returned 1.8% in the first quarter. This return was better than the 0.9% return of the Barclays Global Aggregate Index but ranked in the 63<sup>rd</sup> percentile in the universe of global fixed income managers. Over the past year, Lazard has returned 4.8%, trailing the Barclays Global Aggregate return and ranking in the 46<sup>th</sup> percentile. Over the past three years, the portfolio has returned 10.5%, above the 7.5% return of the Barclays Global Aggregate index and ranking in the 41<sup>st</sup> percentile. Lazard is in compliance with CCCERA performance guidelines.

Lazard's portfolio was underweight to treasuries/sovereign and mortgage securities at the end of the quarter while remaining overweight to agency/supranational, emerging markets and high yield securities. The duration of the Lazard Asset Management portfolio at the end of the first quarter was 5.0 years, shorter than the index. The portfolio has a moderately higher yield than the index.

Strategies that helped relative results included an underweight allocation to government bonds and mortgages while overweight diversified spread product, an underweight to the United States while being overweight to Poland and Mexico, tactical currency exposure, and defensive duration and yield curve positioning. Not having exposure to Italian government bonds detracted from relative performance, as did an underweight exposure to banks and financials.

## **MANAGER COMMENTS – REAL ESTATE**

### **Adelante Capital Management**

**\$282,597,520**

Adelante Capital Management returned 10.9% for the first quarter, slightly above the 10.8% return of the Dow Jones Wilshire REIT Index. For the past year, Adelante returned 13.5%, above the REIT index return of 13.4% and ranked in the 23<sup>rd</sup> percentile.

As of March 31, 2012, the portfolio consisted of 36 public REITs. Office properties comprised 11.0% of the underlying portfolio, apartments made up 20.2%, retail represented 23.8%, industrial was 7.6%, 4.3% was diversified/specialty, storage represented 7.0%, healthcare accounted for 11.0%, hotels accounted for 6.8%, manufactured homes made up 3.0% and 5.3% was cash.

### **DLJ Real Estate Capital Partners II**

**\$3,551,164**

DLJ Real Estate Capital Partners II (RECP II) reported a return of 7.0% in the quarter ending March 31, 2012. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, RECP II has returned 10.7%. CCCERA has a 3.4% ownership interest in RECP II.

As of March 31, 2011, the portfolio consisted of 131% retail, hotels accounted for 48.6%, land development made up 20.8%, residential accounted for 9.5%, 0.4% made up office properties and 7.6% in “other”. The properties were diversified geographically with 79.3% domestic and 20.7% international.

The RECP II Fund is fully invested with 51 transactions. To date, 47 transactions have been realized with a 33% gross IRR (2.2x multiple). The remaining investments represent approximately \$108 million in book value, and exit for these investments is expected to occur over the next 18 months.

### **DLJ Real Estate Capital Partners III**

**\$38,249,528**

DLJ Real Estate Capital Partners III (RECP III) reported a return of 3.4% in the first quarter. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, RECP III returned 3.6%. CCCERA has a 6.6% ownership interest in RECP III.

As of March 31, 2012 the portfolio consisted of 50.7% hotel properties, 21.3% industrial, 19.5% mixed-use development, 4.2% apartments, 1.8% retail, 2.5% vacation home development, and other. The properties were diversified globally with 69.1% non-US and 30.9% US.

The Fund completed 49 investments in U.S, Europe, and Asia corresponding in \$1.3 billion in invested equity. Despite being impacted by the global financial crisis, RECP III performance has benefitted from strong early realizations, with aggregate proceeds totaling \$687 million. The book value of the remaining portfolio is \$589 million. The largest investments in the remaining portfolio are well positioned to recover additional value over time and expect the overall fund's proceeds to invested equity multiple to be approximately 1.3x.

**DLJ Real Estate Capital Partners IV**  
**\$53,505,975**

DLJ Real Estate Capital Partners IV (RECP IV) returned 1.1% in the quarter ending March 31, 2012. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund has returned 4.5%. CCCERA has a 9.2% ownership interest in RECP IV.

As of March 31, 2012 the portfolio consisted of 13.8% office properties, 8.4% senior and mezzanine loans, 30.7% mixed use development, 15.3% land, 6.9% private securities, 2.9% hotel properties, 2.9% industrial, 6.3% apartments and 3.8% other. The properties were diversified globally with 29.6% non-US and 70.4% US.

To date, the Fund has completed 31 investments, investing approximately \$1.07 billion of equity. Realized proceeds to date are \$247 million. Overall approximately 37% of RECP IV's capital was committed after the market downturn and the fund has approximately \$30 million of capital remaining to be invested. RECP IV investment pipeline is very active with a particular focus on opportunities in New York, Washington DC, Los Angeles, and certain cities in China.

**Long Wharf US Growth Fund II**  
**\$14,308,082**

Long Wharf (formerly Fidelity) returned 1.4% for the first quarter of 2012. For the one-year period, the fund had a total return of 9.0%.

The fund generated \$1.2 million of operating income and a \$1.6 million increased in value. The operating income received by the fund in the first quarter was generated by four holdings – The Michigan Student Housing Portfolio and AgeSong Lakeside Park., Gardents at Citrus Tower, and Place Properties. The fair market value of FREG II investment in 400 Duval Street was marked up by \$1.4 million in advance of the pending sale of the property in the second quarter above the recent carrying value. The fund's investment in Quest Apartments was also marked up slightly.

The portfolio consists of 23% apartment properties, 22% for sale housing, 2% senior housing, 7% retail, 3% office, 17% student housing, 7% hotel and 19% other. The properties were diversified regionally with 21% in the Pacific, 24% in the Southeast, 14% in the Mountain region, 7% in the Southwest, 11% in the East North Central, 5% in the Northeast and 18% in the Mideast.

**Long Wharf US Growth Fund III**  
**\$48,098,169**

Long Wharf (formerly Fidelity) US Growth Fund III reported a return of 0.6% for the first quarter of 2012. Over the past year, the Fund has returned 15.0%.

In the first quarter, sale of the Atlanta Gateway Center generated \$2 million of proceeds and a gain relative to the fund's carrying value. FREG III closed one new acquisition during the quarter. In February the fund invested \$12.7 million of equity in the acquisition of three office buildings totaling 182,000 square feet in the Warner Center submarket of Los Angeles. FREG III also closed on the purchase of a 243,000 square foot industrial property in Northern New Jersey.

The fund's investment produced \$2.5 million of current and accrued income, and \$2.9 million of value improvement during the quarter, with the largest drivers of income coming from properties including Mackenzie Place, Integra Shores, Hamilton Lakes and The Shops of Uptown.

Committed capital consists of 13% retail, 30% office, 12% apartments, 7% industrial, 11% hotels, 3% senior housing and 7% entitled land, 9% student housing and 9% other.

**Hearthstone I**  
**\$137,988**

**Hearthstone II**  
**\$2,600**

As of March 31, 2012, Contra Costa County Employee's Retirement Association's commitment to HMSHP and MSII were nearly liquidated. The remaining balances represent residual accrued income positions.

**Invesco Real Estate Fund I**  
**\$26,362,363**

Invesco Real Estate Fund I ("IREF") reported a first quarter total return of 1.0%. Over the past year, Invesco Real Estate Fund I returned 26.4%. CCCERA has a 15.6% interest in the Real Estate Fund I.

The Fund's Net Asset Value is \$169 million; fund level occupancy of 84% has been steady over the near term, with the fund's multi-family product with 92% occupancy rate. One Fund asset, Remington at Valley Ranch was sold post quarter end, producing preliminary return metrics of 19% IRR and a 2.1x equity multiple. Fund debt has an overall asset Loan to Value ratio of 64%, and a strong debt service coverage ratio of 1.8x and 7% of total debt have recourse to the fund.

As of the first quarter, the portfolio consisted of 6 investments, but one of these investments is projected to be sold during 2012. Property type distribution was 12% retail, 15% industrial properties, 73% multi-family. The properties were diversified regionally with 23% in the West, 62% in the South, and 15% in the East.



**Invesco Real Estate Fund II**  
**\$64,994,382**

Invesco Real Estate Fund II returned 0.4% during the first quarter. Over the past year, the fund has returned 30.4%. CCCERA has an 18.7% ownership stake in the fund.

The fund acquired 222 Hennepin, a multi-family development opportunity in downtown Minneapolis. Risk adjusted net returns are projected to be 16% and a 1.6x equity multiple. Invesco has committed 80% of investors' equity. Of the remaining 20% uncommitted, and expect to call an additional 10% during 2012. Four to six of the fund's existing 12 investments have or nearing value maximization and will be likely sold during 2012.

As of the first quarter, the portfolio consisted of 12 investments. The Fund's investments are distributed nationwide with 31% in the West and 62% in the East and 5% in the south. The portfolio is weighted by gross asset value by property type with 17% industrial, 25% office, 53% multi-family, 4% retail and <1% CMBS/Land.

**Invesco International REIT**  
**\$52,648,538**

The Invesco International REIT portfolio returned 15.0% in the first quarter. This return was above the FTSE EPRA/NAREIT Global ex-US benchmark return of 13.5%. Over the past year, the portfolio returned -4.1% compared to the FTSE EPRA/NAREIT Global ex-US Benchmark return of 2.1.

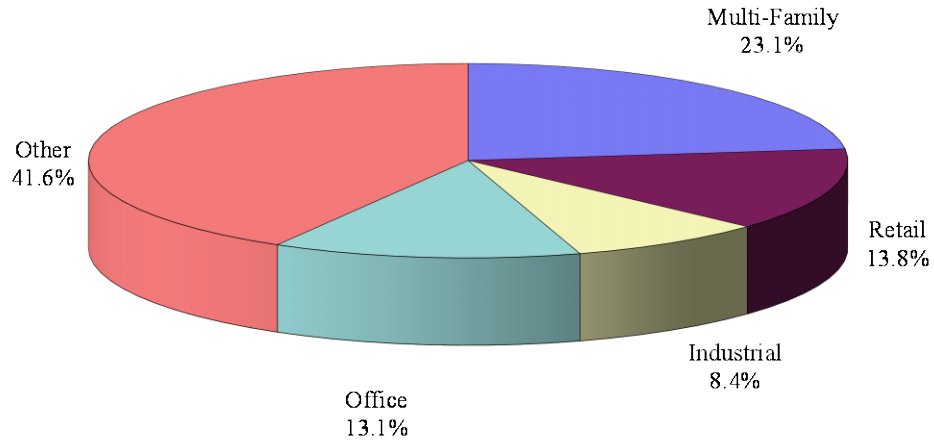
**Oaktree Real Estate Opportunities Fund V**  
**\$42,753,439**

The Oaktree was funded in December 2011 with an initial investment of \$43.0 million. The fund returned 0.5% in the first quarter ended March 31, 2012.

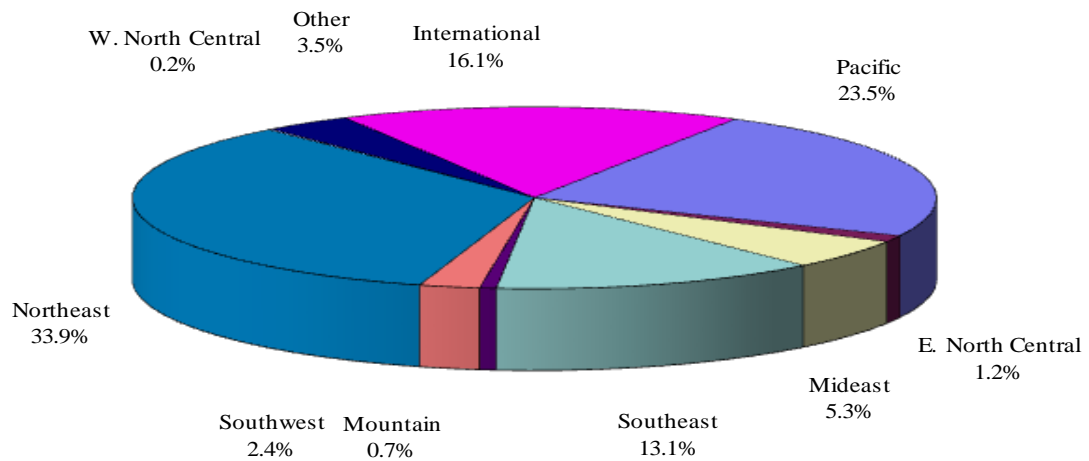
## MANAGER COMMENTS – REAL ESTATE

### Total Real Estate Diversification

#### Diversification by Property Type



#### Diversification by Geographic Region



## **MANAGER COMMENTS - ALTERNATIVE INVESTMENTS**

### **Adams Street Partners**

**\$105,034,542**

Adams Street had a first quarter gross return of 4.2% for the CCCERA's investments. (Performance lags by one quarter due to financial reporting constraints, which is typical for this type of investment vehicle.) For the one-year period, Adams Street returned 13.0%. The portfolio continues in acquisition mode.

The Brinson portfolio (\$20,067,871) is comprised of 36.4% venture capital funds, 9.1% special situations, 7.8% in mezzanine funds, 4.3% in restructuring/distressed debt and 42.4% in buyout funds. The Adams Street program (\$62,972,744) was allocated 43.7% to venture capital, 12.5% special situations, 2.8% mezzanine debt, 1.7% restructuring/distressed debt and 39.3% buyouts. The dedicated secondary allocation (\$21,993,927) was allocated 46.6% to venture capital and 53.4% to buyouts.

### **Bay Area Equity Fund**

**\$17,061,938**

Bay Area Equity Fund had a first quarter gross return of 20.9% on the strength of significant markups in the fund's holdings. (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned 65.1%. CCCERA has a 10.5% ownership interest in the Fund.

As of March 31, 2012, the Bay Area Equity Fund I had 18 investments in private companies in the 10 county Bay Area, all of which are located in or near low- to middle-income neighborhoods. Currently, the Fund has invested \$75 million, including \$5.4 million in recycled capital. Bay Area Equity Fund II had 13 investments in private companies. 9 investments are in the clean technology sector, 2 investments in consumer sector and the final 2 investments are in information technology sector. The total capital commitment for Bay Equity Fund II is \$150.8 million.

### **Carpenter Community BancFund**

**\$25,807,433**

Carpenter had a first quarter return of 11.4%. (Performance lags by one quarter due to financial reporting constraints). Over the past year, Carpenter has returned 12.5%.

The Fund holds control investments in six commercial banks and a smaller ownership share in two other banks. The Fund has deployed \$195 million of its capital into the eight financial institutions. Consolidated results of the Fund banks showed that total assets equaled nearly \$3.4 billion and are expected to exceed \$4.0 billion by the end of 2012 on a capital base of \$366 million. On a consolidated basis, management believes the Fund is well positioned for future growth both organically and through opportunistic acquisitions.

**Energy Investors - US Power Fund I**  
**\$2,572,666**

The Energy Investors Fund Group (EIF) had a first quarter gross return for this fund, which is in liquidation mode, of -10.7%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF had a total return of -13.1%. CCCERA has a 9.6% ownership interest in Fund I.

The Fund's current investments are Loring and Sea Breeze with a fair value of \$3.0 and \$6.2 million respectively. As previously reported an agreement was executed in October for the sale of Black River Generation, the fund completed the sale of BRG to ReEnergy Holdings for \$5.8 million. Proceeds from the sale were to be distributed up to the Fund in the first quarter 2012.

While development efforts continue on Sea Breeze's Juan de Fuca project, project management is simultaneously engaged in discussions with several third parties interested in funding development and/or acquiring the Fund's interest.

**Energy Investors - US Power Fund II**  
**\$40,838,081**

Energy Investors fund II had a fourth quarter gross return of -3.8% for US Power Fund II. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund returned 3.9%. CCCERA has a 19.7% ownership interest in USPF-II.

The Fund distributed \$3.0 million to its Partners in the period ending December 31, 2011, bringing year-to-date distributions to \$19 million and inception to date distributions to \$148.4 million. The fourth quarter distribution included \$1.7 million return of capital distribution from Plum Point and a \$1.3 million income distribution from MoGas.

There were no material changes in the investment portfolio in the fourth quarter. The fair value of the portfolio decreased from \$233.4 million to \$224.6 million, primarily due to net value adjustments for a number of projects.

**Energy Investors - US Power Fund III**  
**\$20,915,787**

The EIF USPF III fund had a gross return of 10.0%. Over the past year, the fund has returned -2.8%. CCCERA has a 6.9% ownership interest in USPF-III.

The Fund distributed \$45.0 million to its Partners in the period ending December 31 2011, bringing inception to date distributions to \$221.8 million.

During the quarter, the Fund's investment portfolio increased by approximately \$28.4 million to \$1.1 billion. This net increase was primarily driven by an incremental \$52.2 million in Astoria II and Morgantown \$15.7. The two largest reductions in the fund's portfolio during the fourth

quarter were the sale of SPP in November \$17.6 million and the write down of Alpine Energy development loan in December \$10.1 million.

**Energy Investors – US Power Fund IV**  
**\$8,395,192**

The EIF USPF IV was funded in November 2011 with a contribution of \$9.4 million.

**Nogales Investors Fund I**  
**\$3,008,845**

The Nogales Investors Fund I returned 2.0% in the quarter ended March 31, 2011. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Nogales has returned 8.9%. CCCERA makes up 15.5% of the Fund.

**Oaktree Private Investment Fund 2009**  
**\$33,612,754**

The Oaktree PIF 2009 Fund was funded on February 18, 2010 with a commitment of \$40.0 million and an initial investment of \$7.0 million. The Oaktree PIF 2009 Fund returned 3.0% in the first quarter ended March 31, 2012. (Performance lags by one quarter due to financial reporting constraints.) The limited partners have committed total capital of \$138,100,000, of which \$111,592,872 (or 80.8% of committed capital) has been drawn as of March 31, 2012. The capital commitments that the Fund makes to the underlying Funds will be allocated 60% to Opps VII, 30% to PF V and 10% to Mezz II.

**Paladin Fund III**  
**\$11,218,444**

Paladin Fund III returned 0.7% for the quarter ended March 31, 2012. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund has returned 27.7%. As of March 31, 2012, the Fund reported \$46.81 million of Partners' Capital. The \$46.81 million of assets consisted of the Fund's investments in Adapx, Unitrends, Quantalife, Luminus Devices, BA-Insight, Damballa, CypberCore Holding, Fixmo, Rebel Partners East, WiSpry, Modius, Digital Bridge Communications, Renewable Energy Products, Paladin Biodiesel I, Vital Renewable Energy Products (VREC), Paladin Ethanol Acquisition, and Royalty Pharma (\$43.40), cash (\$437 thousand), sales proceeds and interest and other receivables (\$2.7 million) and due from affiliates and parallel vehicles.

**Pathway Private Equity Fund**  
**\$81,147,518**

The combined Pathway Private Equity Fund (PPEF), Pathway Private Equity Fund 2008 (PPEF 2008) and Pathway Private Equity Fund Investors 6 had a first quarter return of 4.3%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Pathway returned 10.2%.

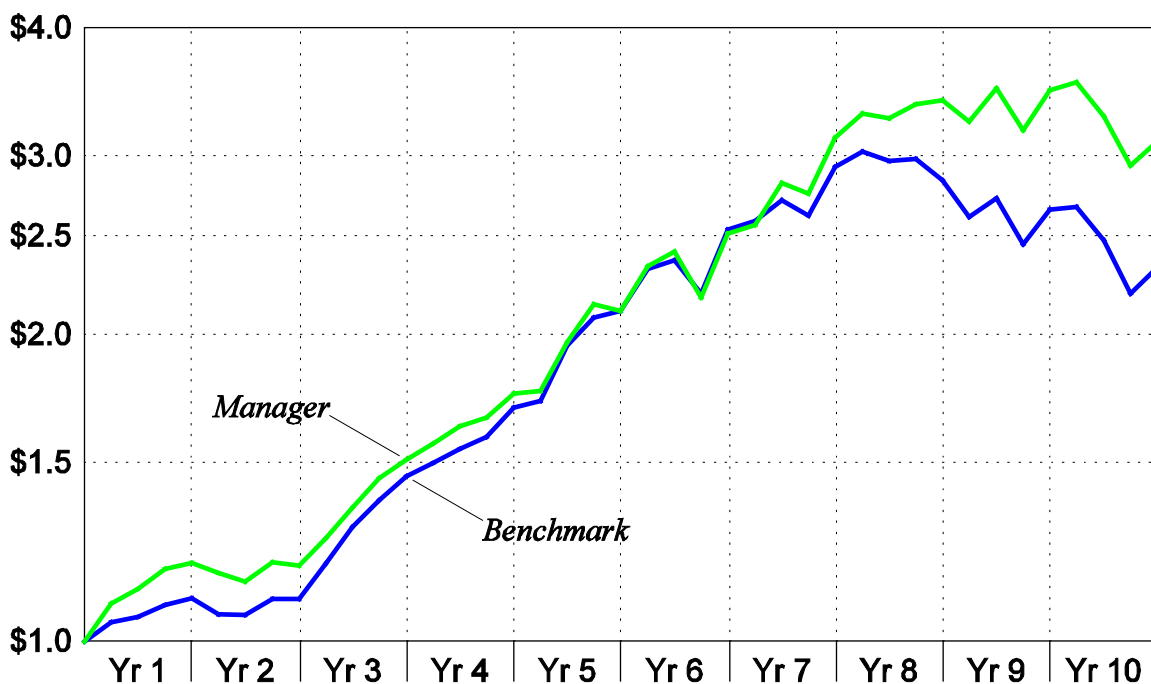
The Fund's contain a mixture of acquisition-related, venture capital, and other special equity investments. As of March 31, 2012, PPEF 2008 had committed \$204.6 million to 22 private equity limited partnerships. PPEF I-6 had committed \$38.7 million to five private equity limited partnerships. PPEF had committed \$125.1 million to 42 private equity partnerships.

## APPENDIX – EXAMPLE CHARTS

### How to Read the Cumulative Return Chart:

# Manager vs. Benchmark

## Cumulative Value of \$1

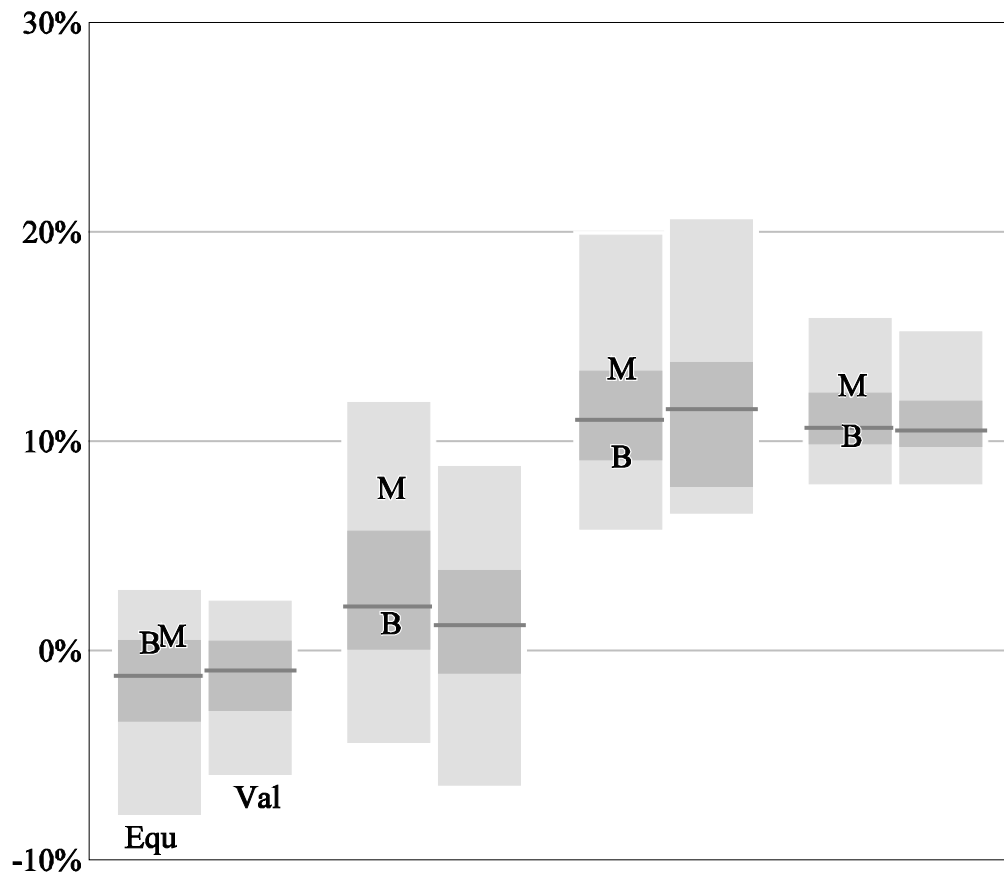


This chart shows the growth of \$1 invested in the 1<sup>st</sup> quarter of Year 1 with the manager vs. \$1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if \$1 had been invested with the manager at the beginning of the 1<sup>st</sup> quarter of 1985, it would have grown to approximately \$2 by the first quarter of Year 5 and would be above \$3 by the end of Year 10. Similarly, \$1 invested in the benchmark would have been worth near \$3 by the end of Year 7 and would be above \$2 by the end of the Year 10.

This is a semi-logarithmic or “log” graph. This is to show equal percentage moves with an equal slope at any place on the graph. For example, with equal scaling a manager who consistently returns 2% every quarter would show a return line which would steepen through time even though the growth rate is the same. With log scaling, a constant growth rate results in a straight line.

An advantage to using log graphs is that it is possible to compare managers more fairly to the benchmark. If the manager appears to be catching up to or losing ground to the benchmark on the log graph, then this is what is actually happening. This may not be the case with an arithmetic chart, where distortions are possible.

## How to Read The Floating Bar Chart:



	<u>Last Qtr</u>	<u>1 Yr</u>	<u>3 Yrs</u>	<u>5 Yrs</u>
Manager ( <b>M</b> )	0.8	7.8	13.5	12.7
<i>Rank v. Equity</i>	18	13	23	19
<i>Rank v. Value</i>	15	10	25	12
Benchmark ( <b>B</b> )	0.4	1.3	9.3	10.3
Equity Median	-1.3	2.0	11.0	10.5
Value Median	-1.2	1.0	11.4	10.4

This chart shows Manager **M**'s cumulative performance for each of four time periods: the last quarter and one, three and five years. The time period is printed below the graph. Each **M** on the chart is performance for a different time period; the first **M** is the return for last quarter: 0.8%.

The benchmark index and two manager universes are presented for comparison. **B** is the benchmark's return, 0.4% for last quarter. The universes are labeled "Equ" for all equity and "Val" for value. Each universe for each period is shown as a shaded box divided into 4 portions. The box top is the return of the manager at the 5<sup>th</sup> percentile of the universe (better than 95% of managers), while the box bottom is the return at the 95<sup>th</sup> percentile. The shading changes at the 25<sup>th</sup> and 75<sup>th</sup> percentiles. The 50<sup>th</sup> percentile is the horizontal line drawn through the center of the box. The manager's return and ranking in each database for each period is shown in the table underneath the graph, as is return for the benchmark index and the median manager in each database.



## DEFINITIONS

**Alpha** – Alpha is a measure of value added after adjusting for risk. Beta is the measure of risk used in the calculation of alpha, so the accuracy of alpha is dependent on the accuracy of beta. Alpha is the difference between the manager's return and what one would expect the manager to return after adjusting for the amount of risk taken. Mathematically,  $\text{Alpha} = \text{Portfolio Return} - \text{Risk Free Rate} - \text{Beta} * (\text{Market Return} - \text{Risk Free Rate})$ ;  $\alpha = r_p - r_f - \beta(r_m - r_f)$ . A positive alpha is an indication of value added.

**Asset Backed Security (ABS)** – A fixed income security which has specifically pledged collateral such as car loans, credit card receivables, lease loans, etc.

**Average Capitalization** – Average capitalization is the sum of the capitalization of each stock in the portfolio divided by the number of stocks in the portfolio.

**Barbell** – A barbell yield curve strategy is a portfolio made up of long term and short term bonds with nothing (or very little) in between. This strategy performs well during periods when the yield curve flattens.

**Beta** – Beta is a measure of risk for domestic equities. The market has a beta of 1. A manager with a beta above 1 exhibits more risk than the market, while a manager with a beta below 1 is less risky than the market.

**Bullet** – A bullet yield curve strategy focuses on the intermediate area of the yield curve. This strategy performs well during periods when the yield curve steepens.

**Collateralized Mortgage Obligation (CMO)** – A CMO is a security backed by a pool of pass through securities and/or mortgages. Since CMOs derive their cash flow from the underlying mortgage collateral, they are referred to as derivatives. CMOs are structured so there are several classes of bondholders with varying stated maturities and varying certainty of the timing of cash flows.

**Consumer Price Index** – The Consumer Price Index is an indicator of the general level of prices. It attempts to compare the cost of purchasing a market basket of goods purchased by a typical consumer during a specific period with the cost of purchasing the same market basket of goods during an earlier period.

**Coupon** – The coupon rate is the annual coupon (i.e. interest) payment value divided by the par value of the bond.

**Diversifiable Risk** – Diversifiable risk – also known as specific risk, non-market risk and residual risk – is the risk of a portfolio that can be diversified away.

**Duration** – Duration is a weighted average maturity, expressed in years. All coupon and principal payments are weighted by the present value term for the expected time of payment. Duration is a measure of sensitivity to changes in interest rates with a longer duration indicating a greater sensitivity to changes in interest rates.

**Dividend Yield** – Dividend yield is calculated on common stock holdings, and is the ratio of the last twelve months dividend payments as a percentage of the most recent quarter-ending stock market value.

**Growth Sector** – Growth sectors are referred to in the Portfolio Profile Report (PPR) in our quarterly reports. The market is divided into five growth sectors based on the forecast of the fifth year growth rate in earnings per share. The PPR reports what portion of a manager's (or the composite's) portfolio is invested in stocks in each growth sector.

**Interest Only Strip (IO)** – An IO is a type of CMO that gets its cash flows from interest payments only. IOs benefit from a slowing in prepayments (i.e. interest rates rise) and under-perform in an accelerating prepayment environment (i.e. interest rates decline). IOs can be very volatile, but can offset volatility in the over all portfolio.

**Market Capitalization** - Market capitalization is a company's market value, or closing price times the number of shares outstanding.

**Maturity** – The maturity for an individual bond is calculated as the number of years until principal is paid. For a portfolio of bonds, the maturity is a weighted average maturity, where the weighting factors are the individual security's percentage of the total portfolio.

**Median Manager** – The median manager is the manager with the middle return when returns are ranked from high to low. Half of the managers will have a higher return and half will have a lower return.

**Mortgage Pass Through** – A mortgage pass through is a security which “passes through” to the holder the interest and principal payments on a group of mortgages.

**Percentile Rank** – A manager's rank signifies the percentage of managers in the universe performing better than the manager. For example, a manager with a rank of 10 means that only 10% of managers had returns greater than the managers over the period of measurement. Likewise, a rank of 50 (i.e. the median manager) indicates that 50% of managers in the universe did better and 50% did worse.

**Planned Amortization Class (PAC)** – A PAC is a type of CMO with the cash flows set up to be fairly certain. PACs appeal to investors who want more certain cash flow payments from a mortgage security than provided by the underlying collateral.

**Price/Book Value** – The price/book value for an individual common stock is the stock's price divided by book value per share. Book value per share is the company's common stockholders equity divided by the number of common shares outstanding.

**Price/Earnings Ratio (P/E)** – The P/E ratio of a common stock's price divided by earnings per share. The ratio is used as a valuation technique employed by investment managers.

**Principal Only Strip (PO)** – A PO is a type of CMO that gets its cash flows from principal payments only. POs are sold at a discount and perform well if prepayments come in faster than expected (i.e. interest rates decrease) and extend and perform poorly if prepayments come in slower than expected (i.e. interest rates rise).

**Quality** – Quality relates to the credit risk of a bond (i.e. the issuer's ability to pay). Quality is most relevant for corporate bonds. Several rating organizations publish ratings of bonds including Moody's and Standard & Poor's. AAA is the highest quality rating, followed by AA+, AA, AA-, A+, A, A- and then BBB+, BBB, BBB-, BB+, BB, BB-, etc. Bonds rated above BBB- are said to be of investment grade.

**R<sup>2</sup> (R Squared)** – R<sup>2</sup> is a measure of how well a manager moves with the market. If a manager's performance closely tracks that of the market, the R<sup>2</sup> will be close to 1. Broadly diversified managers have an R<sup>2</sup> of 0.90 or greater, while the R<sup>2</sup> of un-diversified managers will be lower.

**Return On Equity** – The return on equity for a common stock is the annual net income divided by total common stockholders' equity.

**Standard Deviation** – Standard deviation is the degree of variability of a time series, such as quarterly returns, relative to the average. Standard deviation measures the volatility of the time series.

**Weighted Capitalization** – Weighted capitalization is the sum of the capitalization of each stock in the portfolio weighted by its percentage of the portfolio.

**Yield to Maturity** – The yield to maturity is the discount rate that equates the present value of cash flows (coupons and principal) to the market price taking into account the time value of money.

This report was prepared using data from third parties and other sources including but not limited to Milliman computer software and databases. Reasonable care has been taken to assure the accuracy of the data contained in this report, and comments are objectively stated and are based on facts gathered in good faith. Nothing in this report should be construed as investment advice or recommendations with respect to the purchase, sale or disposition of particular securities. Past performance is no guarantee of future results. We take care to assure the accuracy of the data contained in this report, and we strive to make our reports as error-free as possible. Milliman disclaims responsibility, financial or otherwise, for the accuracy and completeness of this report to the extent any inaccuracy or incompleteness in the report results from information received from a third party or the client on the client's behalf.

This analysis is for the sole use of the Milliman client for whom it was prepared, and may not be provided to third parties without Milliman's prior written consent except as required by law. Milliman does not intend to benefit any third party recipient of this report, even if Milliman consents to its release.

There should be no reliance on Milliman to report changes to manager rankings, ratings or opinions on a daily basis. Milliman services are not intended to monitor investment manager compliance with individual security selection criteria, limits on security selection and/or prohibitions to the holding of certain securities or security types.

The indices designed, calculated and published by Barclays Capital are registered trademarks.

MSCI is a service mark of Morgan Stanley Capital International Inc. Morgan Stanley Capital International, MSCI®, ACWI and EAFE® are the exclusive property of MSCI or its affiliates. All MSCI indices are the exclusive property of MSCI.

Merrill Lynch Indices are a trademark of Bank of America Corporation.

Russell Investments is the owner of the trademarks, service marks and copyrights related to its indexes. Russell Investments is the source of the Russell Index data contained or reflected in this material and all related trademarks and copyrights. The material is intended for the sole use of the intended recipient. This is a Milliman, Inc. presentation of the data. Russell Investments is not responsible for the formatting or configuration of this material or for any inaccuracy in its presentation.

Standard & Poor's and S&P are trademarks of The McGraw-Hill Companies, Inc.

The Wilshire Indexes<sup>SM</sup> are calculated and distributed by Wilshire Associates Incorporated. Wilshire® is a registered service mark of Wilshire Associates Incorporated, Santa Monica, California.