QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT
for

# Contra Costa County
# Employees' Retirement Association

FOR THE PERIOD ENDING
*March 31, 2006*

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May 16, 2006



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## KEY POINTS

***First Quarter, 2006***

- Domestic equity markets were positive in the first quarter. The S&P 500 index returned 4.2% for the quarter and the Russell 2000 small capitalization index returned 13.9%.
- Domestic bond markets were slightly negative in the quarter, with the Lehman Aggregate returning -0.6% and the median fixed income manager returning -0.2%.
- CCCERA Total Fund returned 5.5% for the first quarter, exceeding the 3.9% return of the median total fund and the 4.1% return of the median public fund. CCCERA Total Fund performance has been well above the median fund over all longer cumulative periods ended March 31, 2006.
- CCCERA domestic equities returned 6.1% in the quarter, ahead of the S&P 500 and the median equity manager.
- CCCERA international equities returned 10.6% for the quarter, above 9.5% for the MSCI EAFE index and 9.4% for the median international equity manager.
- CCCERA fixed income returned 0.1% for the quarter, above the Lehman Aggregate and median fixed income manager.
- CCCERA international fixed income returned -1.1% for the quarter, slightly below the -0.9% return of the Citigroup Non US Government Hedged Index.
- CCCERA alternative assets returned 5.3% for the quarter.
- CCCERA real estate returned 13.1% for the quarter, well above the median real estate manager.
- Domestic equities were over-weighted vs. target at the end of the first quarter, offset by under-weightings in alternative investments and commodities. US equities are the “parking place” for assets intended for alternative investments while US fixed income is the parking place for the commodities allocation. International equities, real estate, domestic and international fixed income and cash & equivalents were all close to target levels at quarter end.
- The developed and emerging market portfolios managed by Capital Guardian were terminated during the quarter and the new McKinley Capital portfolio was implemented as the international growth equity manager.
- During the first quarter, Willows Office Park revised its fourth quarter income from $208 thousand to $168 thousand. The revision to the income lowered the fourth quarter return from 1.9% to 1.5%. Also during the first quarter, Hearthstone I revised its ending market value for December 31, 2005 from -$1.2 million to -$900 thousand. No performance was reported for Hearthstone I. These revisions had no impact on the total fund return for the fourth quarter of 2005.

## WATCH LIST

| Manager | Since | Reason |
|---|---|---|
| ING Investments | 2/2006 | Personnel changes |
| Progress | 7/2005 | Personnel changes |
| US Realty | 5/2003 | Personnel changes |

**SUMMARY**

The domestic equity markets were positive in the first quarter of 2005, with the S&P 500 returning 4.2%. Small capitalization stocks out-performed larger capitalization issues, with the Russell 2000 returning 13.9%. The median equity manager returned 5.4% and the broad market, represented by the Russell 3000, returned 5.3%. International equity markets had stronger results, with the MSCI EAFE Index returning 9.5% and the median international equity manager returning 9.4%. Emerging markets posted even stronger results, with the MSCI Emerging Markets Index returning 12.1%. The U.S. bond market was slightly negative in the quarter with the Lehman Aggregate Index returning -0.6% and the median fixed income manager returning -0.2%. Hedged international bonds performed slightly worse, with the Citigroup Hedged Index returning -0.9%. Real estate returns were positive, with the NAREIT Equity Index of publicly traded real estate investment trust securities returning 14.7% and the NCREIF Property Index returning 3.6%. The median real estate manager returned 3.7%.

CCCERA's first quarter return of 5.5% exceeded both the median total fund and the median public fund. CCCERA has out-performed both medians over all trailing time periods.

CCCERA total domestic equities returned 6.1% for the quarter, above the 4.2% return of the S&P 500 and the 5.4% return of the median manager. Of CCCERA's active equity managers, Emerald had the strongest performance with a return of 16.5%, well above the 14.4% return of the Russell 2000 Growth Index. Progress returned 15.9%, better than the 13.9% return of the Russell 2000. Rothschild returned 11.7% versus 10.5% for the Russell 2500 Value. Boston Partners returned 5.6%, above the S&P 500 but slightly below the Russell 1000 Value Index. Intech returned 4.7%, above the S&P 500 return of 4.2%. ING returned 4.5%, also better than the S&P 500. Delaware returned 4.1%, above the Russell 1000 Growth return of 3.1%. PIMCO returned 4.0%, slightly trailing the S&P 500. Finally, Wentworth returned 2.2%, trailing the S&P 500.

CCCERA international equities returned 10.6%, above the 9.5% return of the Morgan Stanley Capital International Europe, Australia, Far East Index and the 9.4% return of the median international manager. The GMO Intrinsic Value portfolio returned 10.6%, above the MSCI EAFE, EAFE Value and the median international equity manager. Capital Guardian's developed and emerging market portfolios were liquidated during the quarter and McKinley Capital was funded as the new international growth equity manager. We will provide performance information on the McKinley Capital portfolio beginning with the second quarter report.

CCCERA total domestic fixed income returned 0.1% for the first quarter, above -0.6% for the Lehman Aggregate and -0.2% for the median fixed income manager. AFL-CIO's return of -0.3% was better than the Lehman Aggregate but slightly trailed the Citigroup Mortgage Index and the median fixed income manager. PIMCO returned -0.4%, slightly better than the Lehman Aggregate but also trailing the median. Western Asset returned -0.6%, matching the Lehman Aggregate but trailing the median. ING Clarion returned 7.0%, well above the fixed income median. Nicholas Applegate returned 2.1% versus 2.8% for the Citigroup High Yield Index and 2.6% for the Merrill Lynch BB/B Index.

The Fischer Francis Trees & Watts international hedged fixed income portfolio returned -1.1% for the first quarter, slightly below the -0.9% return of the Salomon Non US Government Hedged Index.

CCCERA total alternative investments returned 5.3% in the first quarter. Pathway returned 7.6%, Adams Street Partners reported a return of 7.2%, Nogales had a return of 7.0% for the quarter, the Bay Area Equity Fund returned 5.5%, Energy Investor Fund reported a return of 3.2% and PT Timber Fund reported a return of -0.3% for the first quarter. (Due to timing constraints, all alternative portfolio returns except PT Timber Fund are for the quarter ending December 31.)

The median real estate manager returned 3.7% for the quarter while CCCERA's total real estate returned 13.1%. DLJ's RECP II returned 17.6%; Adelante Capital's REIT portfolio returned 16.4%; Invesco returned 14.3%; BlackRock Realty returned 9.9%; Prudential SPF-II returned 7.6%; Fidelity returned 6.8%; US Realty returned 4.5%; FFCA returned 3.3%; Willows Office property returned 2.3%; DLJ's RECP I returned -2.1%; and RECP III returned -5.4%.

**Asset Allocation**
The CCCERA fund at March 31, 2006 was over-weighted in domestic equity at 46% versus the target of 43%, and under-weight in alternatives at 3% versus the target of 5% and commodities at 0% versus the target of 2%. (Assets earmarked for alternative investments are temporarily invested in U.S. equities while assets earmarked for commodities are temporarily invested in U.S. fixed income.) Other classes were near targets.

Securities lending income for the quarter totaled $149,416 from CCCERA's custodian, State Street Bank.

**Performance versus 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 below. We also include compliance with objectives in the manager comments.

**Investment Performance Objectives – over a market cycle of 3-4-5 years:**
- Domestic equity managers are expected to have a rate of return in excess of the S&P 500 after adjusting for risk and to have above median performance in the Wilshire COOP database. The enhanced index portfolios are expected to exceed the S&P 500.
- U.S. fixed managers are expected to exceed the Lehman Aggregate index and have above median performance. High yield managers are expected to exceed the Citi High Yield Index.
- International equity managers are expected to have a rate of return in excess of the MSCI EAFE index after adjusting for risk and to have above-median performance in the COOP database.
- The international fixed income manager is expected to exceed the Citi International Government Fixed Hedged Index.
- Real estate managers are expected to return of the Consumer Price Index + 500 basis points.
- Alternative managers are expected to have a return in excess of the S&P 500 and peers.
- The total fund is expected to have a return 400 basis points above the CPI.

**Summary of Managers Compliance with Investment Performance Objectives**

| | |
|---|---|
| Managers Meeting Objectives: | Adelante Capital, AFL-CIO, Boston Partners, DLJ I, DLJ II, FFCA, FFTW, Intech, PIMCO (equity), PIMCO (fixed income), Prudential SPF II, Western Asset Management, Willows |
| Managers Meeting Some Objectives: | Adams Street, ING (equity), Nicholas-Applegate, Pathway, PT Timber Fund, Wentworth |
| Managers Not Meeting Objectives: | US Realty |

The Total Fund has exceeded the CPI + 400 basis points (4%) over the five-year period.

**ASSET ALLOCATION**

**As of March 31, 2006**

| EQUITY - DOMESTIC | Market Value | % of Portion | % of Total | Target % of Total |
|---|---|---|---|---|
| Boston Partners | $ 257,198,897 | 12.6 % | 5.8 % | 5.7 % |
| Delaware Investments | 254,343,690 | 12.5 | 5.7 | 5.7 |
| Emerald | 195,320,308 | 9.6 | 4.4 | 3.9 |
| ING | 254,120,174 | 12.5 | 5.7 | 5.7 |
| Intech | 254,977,312 | 12.5 | 5.7 | 5.7 |
| PIMCO | 331,377,494 | 16.3 | 7.4 | 5.7 |
| Progress | 50,423,420 | 2.5 | 1.1 | 1.0 |
| Rothschild | 184,700,638 | 9.1 | 4.1 | 3.9 |
| Wentworth | 256,220,078 | 12.6 | 5.7 | 5.7 |
| TOTAL DOMESTIC | $ 2,038,682,011 | 100.0 % | 45.7 % | 43.0 % |
| | | | *Range:* | *35 to 55 %* |
| INTERNATIONAL EQUITY | | | | |
| McKinley Capital | $ 264,238,414 | 49.3 % | 5.9 % | 5.8 % |
| GMO Intrinsic Value | 271,458,449 | 50.7 | 6.1 | 5.8 |
| TOTAL INT'L EQUITY | $ 535,696,863 | 100.0 % | 12.0 % | 11.5 % |
| | | | *Range:* | *7 to 13 %* |
| FIXED INCOME - (non hy) | | | | |
| AFL-CIO | $ 151,971,922 | 14.4 % | 3.4 % | 3.5 % |
| ING Clarion | 69,495,949 | 6.6 | 1.6 | 1.7 |
| PIMCO | 417,788,540 | 39.7 | 9.4 | 8.9 |
| Western Asset | 412,885,859 | 39.2 | 9.3 | 8.9 |
| TOTAL FIXED INCOME | 1,052,142,270 | 100.0 | 23.6 | 23.0 |
| | | | *Range:* | *19 to 35 %* |
| HIGH YIELD | | | | |
| Nicholas Applegate | $ 86,082,937 | 100.0 % | 1.9 | 2.0 % |
| TOTAL HIGH YIELD | 86,082,937 | 100.0 % | 1.9 | 2.0 % |
| | | | *Range:* | *1 to 4 %* |
| *TOTAL U.S. FIXED* | *$ 1,138,225,207* | *100.0 %* | *25.5 %* | *25.0 %* |
| | | | | |
| INTERNATIONAL FIXED | | | | |
| Fischer Francis | $ 169,245,779 | 100.0 % | 3.8 % | 4.0 % |
| TOTAL INT'L FIXED | $ 169,245,779 | 100.0 % | 3.8 % | 4.0 % |
| | | | *Range:* | *3 to 7 %* |

**ASSET ALLOCATION**

**As of March 31, 2006**

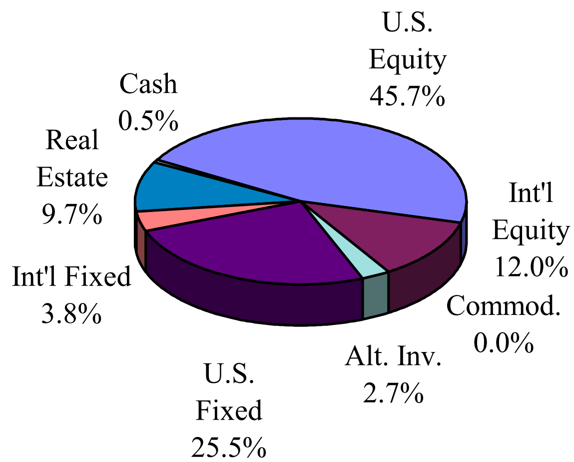
| | | Market Value | % of Portion | % of Total | Target % of Total |
|---|---|---|---|---|---|
| REAL ESTATE | | | | | |
| BlackRock Realty | $ | 19,929,254 | 4.6 % | 0.4 % | - % |
| DLJ RECP I | | 1,631,265 | 0.4 | 0.0 | - |
| DLJ RECP II | | 17,914,437 | 4.1 | 0.4 | - |
| DLJ RECP III | | 20,404,600 | 4.7 | 0.5 | - |
| FFCA | | 6,318,675 | 1.5 | 0.1 | - |
| Fidelity | | 28,067,479 | 6.5 | 0.6 | - |
| Hearthstone I | | -849,000 * | -0.2 | 0.0 | - |
| Hearthstone II | | -257,000 * | -0.1 | 0.0 | - |
| Invesco Fund I | | 17,628,730 | 4.1 | 0.4 | - |
| Adelante Capital | | 291,192,730 | 67.1 | 6.5 | - |
| Prudential SPF II | | 17,722,636 | 4.1 | 0.4 | - |
| U.S. Realty | | 3,113,558 | 0.7 | 0.1 | - |
| Willows Office Property | | 11,000,000 | 2.5 | 0.2 | - |
| TOTAL REAL ESTATE | $ | 433,817,364 | 100.0 % | 9.7 % | 9.0 % |
| | | | | *Range:* | *5 to 12 %* |
| COMMODITIES | | | | | |
| N/A | $ | - | 0.0 | 0.0 | 2.0 |
| TOTAL COMMODITIES | $ | - | 0.0 % | 0.0 % | 2.0 % |
| | | | | *Range:* | *0 to 3 %* |
| ALTERNATIVE INVESTMENTS | | | | | |
| Adams Street Partners | $ | 35,219,046 | 29.6 % | 0.8 % | - % |
| Bay Area Equity Fund | | 2,979,841 | 2.5 | 0.1 | - |
| Energy Investor Fund | | 26,112,074 | 21.9 | 0.6 | - |
| Energy Investor Fund II | | 3,541,356 | 3.0 | 0.1 | - |
| Nogales | | 11,445,395 | 9.6 | 0.3 | - |
| Pathway | | 26,202,890 | 22.0 | 0.6 | - |
| Hancock PT Timber | | 13,543,687 | 11.4 | 0.3 | - |
| TOTAL ALTERNATIVE | $ | 119,044,289 | 100.0 % | 2.7 % | 5.0 % |
| Custodian Cash | $ | 12,076,619 | 52.3 % | 0.3 % | - % |
| Treasurer's Fixed | | 11,019,000 | 47.7 | 0.2 | - |
| TOTAL CASH | $ | 23,095,619 | 100.0 % | 0.5 % | 0.5 % |
| **TOTAL ASSETS** | **$** | **4,457,807,132** | **100.0 %** | **100.0 %** | **100.0 %** |

*For a discussion of the negative asset values of the Hearthstone Funds, please refer to page 70.
**CCCERA has committed $25 million to BlackRock (formerly SSR) Realty; $15 million to DLJ RECP I; $40 million to DLJ RECP II; $75 million to DLJ III, $12 million to FFCA, $50 million to Fidelity; $40 million to Prudential's SPF-II; $40 million to US Realty; $50 million to INVESCO Real Estate; $90 million to Adams Street Partners Venture Capital Fund; $10 million to Bay Area Equity Fund; $30 million to Energy Investors USPF I; $50 million to Energy Investors USPF II; $15 million to Nogales; $75 million to Pathway and $15 million to Hancock PT Timber Fund III.

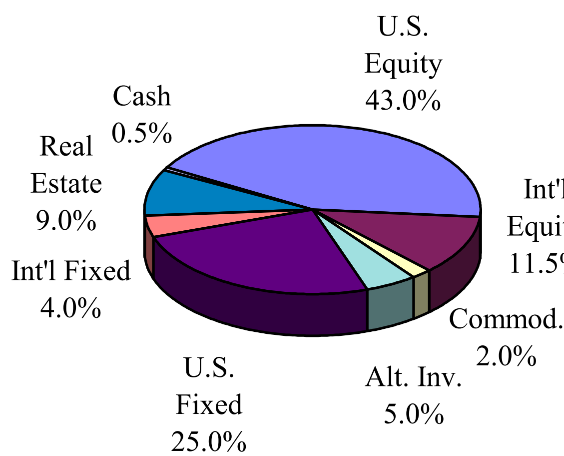
**ASSET ALLOCATION**

**As of March 31, 2006**

**CCCERA Asset Allocation**




**Target Asset Allocation**



**CUMULATIVE PERFORMANCE STATISTICS**
**Performance through First Quarter, 2006**

| DOMESTIC EQUITY | 3 Mo | 6 Mo | 9 Mo | 1 Yr | 2 Yr | 3 Yr | 4 Yr | 5 Yr |
|---|---|---|---|---|---|---|---|---|
| **Boston Partners** | **5.6 %** | **8.1 %** | **15.8 %** | **18.8 %** | **14.9 %** | **22.2 %** | **8.6 %** | **8.8 %** |
| *Rank vs Equity* | *48* | *47* | *33* | *37* | *28* | *44* | *45* | *39* |
| *Rank vs Lg Value* | *38* | *33* | *8* | *13* | *24* | *41* | *53* | *38* |
| **Delaware** | **4.1** | **8.0** | **18.3** | **24.5** | - | - | - | - |
| *Rank vs Equity* | *72* | *49* | *23* | *17* | - | - | - | - |
| *Rank vs Lg Growth* | *18* | *20* | *4* | *4* | - | - | - | - |
| **Emerald Advisors** | **16.5** | **21.2** | **28.9** | **34.1** | **14.6** | - | - | - |
| *Rank vs Equity* | *2* | *2* | *3* | *3* | *30* | - | - | - |
| *Rank vs Sm Cap Growth* | *9* | *8* | *17* | *13* | *42* | - | - | - |
| **ING Investments** | **4.5** | **6.3** | **10.2** | **11.9** | **9.9** | **16.7** | **5.1** | - |
| *Rank vs Equity* | *61* | *75* | *75* | *74* | *65* | *81* | *71* | - |
| *Rank vs Lg Core* | *34* | *77* | *68* | *48* | *35* | *85* | *42* | - |
| **Intech** | **4.7** | **7.6** | **11.7** | **14.0** | **12.6** | **20.3** | **8.0** | - |
| *Rank vs Equity* | *57* | *54* | *57* | *59* | *44* | *54* | *50* | - |
| *Rank vs Lg Core* | *27* | *28* | *28* | *31* | *13* | *12* | *10* | - |
| **PIMCO Stocks Plus** | **4.0** | **6.2** | **9.8** | **11.2** | **8.9** | **17.3** | - | - |
| *Rank vs Equity* | *73* | *78* | *79* | *83* | *79* | *71* | - | - |
| *Rank vs Lg Core* | *79* | *80* | *81* | *81* | *82* | *42* | - | - |
| **Progress** | **15.9** | **19.3** | **25.5** | **32.8** | **16.2** | - | - | - |
| *Rank vs Equity* | *2* | *3* | *6* | *4* | *20* | - | - | - |
| *Rank vs All Sm Cap* | *10* | *8* | *13* | *10* | *45* | - | - | - |
| **Rothschild** | **11.7** | **14.7** | **21.1** | **25.9** | **18.9** | - | - | - |
| *Rank vs Equity* | *14* | *13* | *14* | *13* | *8* | - | - | - |
| *Rank vs Sm Cap Value* | *34* | *21* | *23* | *19* | *23* | - | - | - |
| **Wentworth, Hauser** | **2.2** | **6.5** | **11.7** | **12.8** | **11.8** | **19.1** | **4.8** | **4.9** |
| *Rank vs Equity* | *89* | *68* | *57* | *67* | *50* | *61* | *80* | *65* |
| *Rank vs Lg Core* | *97* | *46* | *28* | *40* | *15* | *24* | *81* | *28* |
| **Total Domestic Equities** | **6.1** | **9.2** | **15.1** | **17.9** | **12.7** | **20.7** | **5.2** | **4.7** |
| *Rank vs Equity* | *43* | *39* | *37* | *41* | *43* | *52* | *71* | *67* |
| Median Equity | 5.4 | 8.0 | 12.6 | 15.5 | 11.8 | 21.3 | 8.0 | 7.2 |
| S&P 500 | 4.2 | 6.4 | 10.2 | 11.7 | 9.2 | 17.2 | 4.9 | 4.0 |
| Russell 2000 | 13.9 | 15.2 | 20.6 | 25.9 | 15.2 | 29.5 | 12.2 | 12.6 |
| Russell 3000 | 5.3 | 7.5 | 11.8 | 14.3 | 10.6 | 19.1 | 6.2 | 5.3 |
| Russell 1000 Value | 5.9 | 7.3 | 11.4 | 13.3 | 13.2 | 21.8 | 8.7 | 7.8 |
| Russell 1000 Growth | 3.1 | 6.2 | 10.4 | 13.2 | 7.0 | 14.8 | 2.6 | 1.7 |
| **INT'L EQUITY** | | | | | | | | |
| **GMO** | **10.6** | **14.5** | **26.5** | **26.7** | - | - | - | - |
| *Rank vs Int'l Eq* | *29* | *54* | *54* | *50* | - | - | - | - |
| **McKinley Capital** | - | - | - | - | - | - | - | - |
| *Rank vs Int'l Eq* | - | - | - | - | - | - | - | - |
| **Total Int'l Equities** | **10.6** | **17.7** | **31.8** | **32.4** | **22.0** | **33.8** | **16.3** | **11.8** |
| *Rank vs Int'l Eq* | *29* | *18* | *22* | *19* | *26* | *33* | *38* | *49* |
| Median Int'l Equity | 9.4 | 15.0 | 27.3 | 26.8 | 20.0 | 31.9 | 15.4 | 11.7 |
| MSCI EAFE Index | 9.5 | 14.0 | 25.9 | 24.9 | 20.1 | 31.7 | 15.2 | 10.0 |
| MSCI EAFE Growth Index | 9.0 | 13.7 | 25.7 | 24.6 | 17.4 | 27.2 | 12.4 | 7.5 |
| MSCI EAFE Value Index | 9.8 | 14.0 | 25.7 | 24.3 | 21.8 | 35.1 | 16.9 | 11.7 |
| MSCI EM Free Index | 12.1 | 20.2 | 42.0 | 48.0 | 31.6 | 46.7 | 25.8 | 23.6 |

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

**CUMULATIVE PERFORMANCE STATISTICS**
**Performance through First Quarter, 2006**

| | 3 Mo | 6 Mo | 9 Mo | 1 Yr | 2 Yr | 3 Yr | 4 Yr | 5 Yr |
|---|---|---|---|---|---|---|---|---|
| **DOMESTIC FIXED INCOME** | | | | | | | | |
| **AFL-CIO Housing** | **-0.3 %** | **0.3 %** | **-0.4 %** | **3.0 %** | **2.2 %** | **3.3 %** | **5.5 %** | **5.7 %** |
| ***Rank vs Fixed Income*** | ***60*** | ***55*** | ***70*** | ***34*** | ***42*** | ***45*** | ***35*** | ***30*** |
| **Nicholas Applegate** | **2.1** | **3.6** | **5.0** | **7.8** | **6.9** | **10.2** | **9.7** | **7.7** |
| ***Rank vs MS High Yield*** | ***79*** | ***36*** | ***39*** | ***21*** | ***37*** | ***61*** | ***29*** | ***36*** |
| **ING Clarion** | **7.0** | **9.6** | **14.1** | **17.3** | **17.7** | **-** | **-** | **-** |
| ***Rank vs Fixed Income*** | ***1*** | ***1*** | ***1*** | ***1*** | ***1*** | ***-*** | ***-*** | ***-*** |
| **PIMCO** | **-0.4** | **0.2** | **-0.1** | **3.0** | **2.9** | **4.3** | **-** | **-** |
| ***Rank vs Fixed Income*** | ***66*** | ***61*** | ***53*** | ***31*** | ***21*** | ***21*** | ***-*** | ***-*** |
| **Western Asset** | **-0.6** | **-0.4** | **-0.7** | **2.4** | **2.5** | **4.2** | **-** | **-** |
| ***Rank vs Fixed Income*** | ***80*** | ***90*** | ***83*** | ***69*** | ***27*** | ***21*** | ***-*** | ***-*** |
| **Total Domestic Fixed** | **0.1** | **1.1** | **1.0** | **4.1** | **3.7** | **5.1** | **6.7** | **6.2** |
| ***Rank vs Fixed Income*** | ***34*** | ***26*** | ***28*** | ***17*** | ***15*** | ***14*** | ***14*** | ***16*** |
| Median Fixed Income | -0.2 | 0.4 | 0.1 | 2.6 | 2.0 | 3.2 | 5.2 | 5.2 |
| Median MS High Yield Mgr. | 2.5 | 3.4 | 4.7 | 6.6 | 6.5 | 10.7 | 8.6 | 6.9 |
| Lehman Aggregate | -0.6 | -0.1 | -0.7 | 2.3 | 1.7 | 2.9 | 5.1 | 5.1 |
| Citigroup Mortgage | -0.1 | 0.6 | 0.4 | 2.8 | 2.7 | 3.2 | 4.5 | 4.9 |
| Citigroup High Yield | 2.8 | 3.2 | 4.1 | 6.5 | 6.9 | 11.8 | 10.1 | 8.3 |
| Merrill Lynch BB/B | 2.6 | 3.4 | 4.2 | 7.4 | 6.6 | 10.6 | 8.6 | 7.1 |
| T-Bills | 1.0 | 2.0 | 2.8 | 3.5 | 2.6 | 2.1 | 2.0 | 2.2 |
| | | | | | | | | |
| **INT'L FIXED INCOME** | | | | | | | | |
| **Fischer Francis** | **-1.1** | **-0.3** | **0.2** | **3.2** | **4.5** | **4.2** | **5.3** | **5.0** |
| Citigroup NonUS Govt Hdg | -0.9 | -0.1 | 0.3 | 3.5 | 4.1 | 3.5 | 4.7 | 4.4 |
| | | | | | | | | |
| **ALTERNATIVE INVESTMENTS*** | | | | | | | | |
| **Adams Street**** | **7.2** | **11.1** | **16.3** | **16.9** | **15.6** | **14.6** | **7.3** | **1.8** |
| **Bay Area Equity Fund**** | **5.5** | **5.7** | **7.7** | **7.8** | **-** | **-** | **-** | **-** |
| **Energy Investor Fund**** | **3.2** | **8.2** | **28.7** | **32.4** | **43.2** | **-** | **-** | **-** |
| **Nogales**** | **7.0** | **9.7** | **12.9** | **17.2** | **-** | **-** | **-** | **-** |
| **Pathway**** | **7.6** | **16.4** | **32.8** | **33.6** | **25.9** | **20.8** | **11.2** | **-0.3** |
| **Hancock PT Timber Fund** | **-0.3** | **2.4** | **7.5** | **8.4** | **7.9** | **6.6** | **4.4** | **3.6** |
| **Total Alternative** | **5.3** | **10.1** | **20.3** | **21.9** | **21.7** | **17.6** | **10.4** | **4.6** |

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

** See also see Internal Rates of Return for closed end funds on page 79.*

*** Performance as of December 31, 2005.*

**CUMULATIVE PERFORMANCE STATISTICS**
**Performance through First Quarter, 2006**

| | 3 Mo | 6 Mo | 9 Mo | 1 Yr | 2 Yr | 3 Yr | 4 Yr | 5 Yr |
|---|---|---|---|---|---|---|---|---|
| **REAL ESTATE*** | | | | | | | | |
| **Adelante Capital REIT** | **16.4 %** | **21.1 %** | **26.2 %** | **48.6 %** | **28.3 %** | **35.5 %** | **25.4 %** | **- %** |
| ***Rank vs REIT Mut Fds*** | ***2*** | ***5*** | ***8*** | ***1*** | ***6*** | ***12*** | ***10*** | ***-*** |
| **BlackRock Realty** | **9.9** | **14.6** | **25.3** | **26.9** | **-** | **-** | **-** | **-** |
| ***Rank*** | ***23*** | ***25*** | ***13*** | ***26*** | ***-*** | ***-*** | ***-*** | ***-*** |
| **DLJ RECP I**** | **-2.1** | **-2.0** | **-1.2** | **-1.0** | **5.8** | **9.0** | **8.0** | **7.8** |
| ***Rank*** | ***96*** | ***97*** | ***96*** | ***95*** | ***88*** | ***83*** | ***84*** | ***85*** |
| **DLJ RECP II**** | **17.6** | **33.8** | **42.3** | **45.2** | **39.8** | **38.0** | **32.8** | **26.4** |
| ***Rank*** | ***3*** | ***4*** | ***4*** | ***6*** | ***7*** | ***9*** | ***6*** | ***8*** |
| **DLJ RECP III**** | **-5.4** | **12.9** | **-** | **-** | **-** | **-** | **-** | **-** |
| ***Rank*** | ***98*** | ***27*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** |
| **FFCA** | **3.3** | **5.5** | **8.2** | **11.0** | **14.7** | **11.2** | **11.0** | **10.8** |
| ***Rank*** | ***55*** | ***78*** | ***79*** | ***80*** | ***64*** | ***73*** | ***62*** | ***59*** |
| **Fidelity** | **6.8** | **9.0** | **11.8** | **21.3** | **17.5** | **-** | **-** | **-** |
| ***Rank*** | ***28*** | ***43*** | ***66*** | ***37*** | ***44*** | ***-*** | ***-*** | ***-*** |
| **Invesco Fund I** | **14.3** | **20.8** | **21.4** | **15.6** | **-** | **-** | **-** | **-** |
| ***Rank*** | ***15*** | ***10*** | ***23*** | ***74*** | ***-*** | ***-*** | ***-*** | ***-*** |
| **Prudential SPF II** | **7.6** | **15.9** | **19.0** | **37.5** | **32.5** | **25.0** | **20.2** | **16.6** |
| ***Rank*** | ***26*** | ***23*** | ***27*** | ***20*** | ***11*** | ***32*** | ***36*** | ***38*** |
| **U.S. Realty** | **4.5** | **-24.1** | **-21.7** | **-20.0** | **-6.7** | **0.6** | **3.7** | **5.2** |
| ***Rank*** | ***40*** | ***100*** | ***100*** | ***99*** | ***97*** | ***95*** | ***92*** | ***93*** |
| **Willows Office Property** | **2.3** | **3.9** | **5.4** | **7.5** | **-0.3** | **1.7** | **3.5** | **13.9** |
| ***Rank*** | ***76*** | ***82*** | ***83*** | ***84*** | ***95*** | ***94*** | ***92*** | ***44*** |
| **Total Real Estate** | **13.1** | **18.6** | **23.4** | **40.5** | **26.7** | **29.4** | **22.9** | **20.8** |
| ***Rank*** | ***18*** | ***17*** | ***17*** | ***14*** | ***18*** | ***30*** | ***30*** | ***31*** |
| Median Real Estate | 3.7 | 8.5 | 13.4 | 19.0 | 16.3 | 14.6 | 13.6 | 11.9 |
| NCREIF Property Index | 3.6 | 9.3 | 14.1 | 20.2 | 17.8 | 15.1 | 13.0 | 11.7 |
| NAREIT Equity Index | 14.7 | 16.5 | 21.0 | 38.5 | 23.0 | 32.1 | 22.1 | 22.3 |
| CPI + 500 bps | 2.8 | 3.0 | 6.6 | 8.6 | 8.5 | 8.1 | 8.2 | 7.8 |
| | | | | | | | | |
| **CCCERA Total Fund** | **5.5 %** | **8.9 %** | **13.9 %** | **18.0 %** | **13.0 %** | **18.2 %** | **10.1 %** | **8.8 %** |
| ***Rank vs. Total Fund*** | ***12*** | ***7*** | ***11*** | ***4*** | ***6*** | ***14*** | ***6*** | ***10*** |
| ***Rank vs. Public Fund*** | ***9*** | ***4*** | ***4*** | ***1*** | ***3*** | ***7*** | ***7*** | ***4*** |
| Median Total Fund | 3.9 | 5.9 | 9.3 | 11.6 | 8.9 | 14.1 | 7.3 | 6.6 |
| Median Public Fund | 4.1 | 5.9 | 9.3 | 11.7 | 8.6 | 13.8 | 7.4 | 6.6 |
| CPI + 400 bps | 2.5 | 2.5 | 5.8 | 7.5 | 7.4 | 7.0 | 7.1 | 6.8 |

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

* *See also see Internal Rates of Return for closed end funds on page 79.*

** *Performance as of December 31, 2005.*

## AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS
## Performance through First Quarter, 2006

| | 3 Mo | 6 Mo | 9 Mo | 1 Yr | 2 Yr | 3 Yr | 4 Yr | 5 Yr |
|---|---|---|---|---|---|---|---|---|
| **DOMESTIC EQUITY** | | | | | | | | |
| **Boston Partners** | **5.5 %** | **8.0 %** | **15.5 %** | **18.4 %** | **14.6 %** | **21.8 %** | **8.2 %** | **8.5 %** |
| **Delaware** | **4.0** | **7.8** | **18.0** | **23.9** | **-** | **-** | **-** | **-** |
| **Emerald Advisors** | **16.4** | **20.8** | **28.4** | **33.3** | **13.9** | **-** | **-** | **-** |
| **ING** | **4.4** | **6.2** | **10.0** | **11.6** | **9.6** | **16.4** | **4.8** | **-** |
| **Intech** | **4.6** | **7.4** | **11.5** | **13.7** | **12.3** | **20.0** | **7.7** | **-** |
| **PIMCO Stocks Plus** | **3.9** | **6.0** | **9.6** | **10.8** | **8.5** | **17.0** | **-** | **-** |
| **Progress** | **15.8** | **18.9** | **24.9** | **31.9** | **15.4** | **-** | **-** | **-** |
| **Rothschild** | **11.6** | **14.3** | **20.6** | **25.2** | **18.2** | **-** | **-** | **-** |
| **Wentworth, Hauser** | **2.1** | **6.4** | **11.6** | **12.6** | **11.5** | **18.8** | **4.5** | **4.6** |
| S&P 500 | 4.2 | 6.4 | 10.2 | 11.7 | 9.2 | 17.2 | 4.9 | 4.0 |
| Russell 2000 | 13.9 | 15.2 | 20.6 | 25.9 | 15.2 | 29.5 | 12.2 | 12.6 |
| Russell 3000 | 5.3 | 7.5 | 11.8 | 14.3 | 10.6 | 19.1 | 6.2 | 5.3 |
| Russell 1000 Value | 5.9 | 7.3 | 11.4 | 13.3 | 13.2 | 21.8 | 8.7 | 7.8 |
| Russell 1000 Growth | 3.1 | 6.2 | 10.4 | 13.2 | 7.0 | 14.8 | 2.6 | 1.7 |
| **INT'L EQUITY** | | | | | | | | |
| **GMO Intrinsic Value** | **10.4** | **14.1** | **26.0** | **25.9** | **-** | **-** | **-** | **-** |
| **McKinley Capital** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| MSCI EAFE Index | 9.5 | 14.0 | 25.9 | 24.9 | 20.1 | 31.7 | 15.2 | 10.0 |
| MSCI EAFE Growth Index | 9.0 | 13.7 | 25.7 | 24.6 | 17.4 | 27.2 | 12.4 | 7.5 |
| MSCI EAFE Value Index | 9.8 | 14.0 | 25.7 | 24.3 | 21.8 | 35.1 | 16.9 | 11.7 |
| MSCI EM Free Index | 12.1 | 20.2 | 42.0 | 48.0 | 31.6 | 46.7 | 25.8 | 23.6 |
| **DOMESTIC FIXED INCOME** | | | | | | | | |
| **AFL-CIO Housing** | **-0.4** | **0.1** | **-0.7** | **2.6** | **1.8** | **2.9** | **5.1** | **5.3** |
| **Nicholas Applegate** | **1.9** | **3.4** | **4.7** | **7.3** | **6.4** | **9.7** | **9.1** | **7.2** |
| **ING Clarion** | **6.5** | **8.5** | **12.3** | **14.7** | **14.5** | **-** | **-** | **-** |
| **PIMCO** | **-0.5** | **0.1** | **-0.3** | **2.8** | **2.6** | **4.0** | **-** | **-** |
| **Western Asset** | **-0.6** | **-0.5** | **-0.8** | **2.2** | **2.3** | **4.0** | **-** | **-** |
| Lehman Aggregate | -0.6 | -0.1 | -0.7 | 2.3 | 1.7 | 2.9 | 5.1 | 5.1 |
| Citigroup Mortgage | -0.1 | 0.6 | 0.4 | 2.8 | 2.7 | 3.2 | 4.5 | 4.9 |
| Citigroup High Yield | 2.8 | 3.2 | 4.1 | 6.5 | 6.9 | 11.8 | 10.1 | 8.3 |
| T-Bills | 1.0 | 2.0 | 2.8 | 3.5 | 2.6 | 2.1 | 2.0 | 2.2 |
| **INT'L FIXED INCOME** | | | | | | | | |
| **Fischer Francis** | **-1.1** | **-0.4** | **-0.1** | **2.9** | **4.1** | **3.8** | **4.9** | **4.6** |
| Citigroup NonUS Govt Hdg | -0.9 | -0.1 | 0.3 | 3.5 | 4.1 | 3.5 | 4.7 | 4.4 |
| **REIT Portfolio** | | | | | | | | |
| **Adelante Capital** | **16.2** | **20.8** | **25.8** | **48.0** | **27.7** | **34.9** | **24.8** | **-** |
| NAREIT Equity Index | 14.7 | 16.5 | 21.0 | 38.5 | 23.0 | 32.1 | 22.1 | 22.3 |

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

**YEAR BY YEAR PERFORMANCE STATISTICS**
**Performance through First Quarter, 2006**

| DOMESTIC EQUITY | YTD | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|---|---|
| **Boston Partners** | **5.6 %** | **12.0 %** | **16.6 %** | **27.1 %** | **-18.7 %** | **4.1 %** | **18.8 %** |
| *Rank vs Equity* | *48* | *14* | *31* | *75* | *32* | *21* | *13* |
| *Rank vs Lg Value* | *38* | *14* | *32* | *81* | *54* | *22* | *15* |
| **Delaware** | **4.1** | - | - | - | - | - | - |
| *Rank vs Equity* | *72* | - | - | - | - | - | - |
| *Rank vs Lg Growth* | *18* | - | - | - | - | - | - |
| **Emerald Advisors** | **16.5** | **10.1** | **4.1** | - | - | - | - |
| *Rank vs Equity* | *2* | *25* | *93* | - | - | - | - |
| *Rank vs Sm Cap Growth* | *9* | *20* | *86* | - | - | - | - |
| **ING** | **4.5** | **5.4** | **11.2** | **26.7** | - | - | - |
| *Rank vs Equity* | *61* | *61* | *60* | *77* | - | - | - |
| *Rank vs Lg Core* | *34* | *40* | *36* | *83* | - | - | - |
| **Intech** | **4.7** | **8.9** | **15.3** | **29.4** | - | - | - |
| *Rank vs Equity* | *57* | *34* | *37* | *60* | - | - | - |
| *Rank vs Lg Core* | *27* | *14* | *7* | *34* | - | - | - |
| **PIMCO Stocks Plus** | **4.0** | **4.6** | **11.1** | **29.9** | - | - | - |
| *Rank vs Equity* | *73* | *75* | *62* | *58* | - | - | - |
| *Rank vs Lg Core* | *79* | *78* | *15* | *29* | - | - | - |
| **Progress** | **15.9** | **9.1** | - | - | - | - | - |
| *Rank vs Equity* | *2* | *32* | - | - | - | - | - |
| *Rank vs All Sm Cap* | *10* | *36* | - | - | - | - | - |
| **Rothschild** | **11.7** | **11.2** | **20.7** | - | - | - | - |
| *Rank vs Equity* | *14* | *18* | *15* | - | - | - | - |
| *Rank vs Sm Cap Value* | *34* | *23* | *39* | - | - | - | - |
| **Wentworth, Hauser** | **2.2** | **9.6** | **13.6** | **27.1** | **-23.4** | **-6.7** | **11.4** |
| *Rank vs Equity* | *89* | *28* | *46* | *75* | *65* | *42* | *24* |
| *Rank vs Lg Core* | *97* | *9* | *15* | *82* | *77* | *11* | *2* |
| **Total Domestic Equities** | **6.1** | **8.8** | **13.0** | **31.0** | **-28.0** | **-9.2** | **-2.8** |
| *Rank vs Equity* | *43* | *35* | *49* | *50* | *83* | *48* | *50* |
| Median Equity | 5.4 | 6.5 | 12.9 | 31.0 | -22.0 | -9.7 | -2.7 |
| S&P 500 | 4.2 | 4.9 | 10.9 | 28.7 | -22.1 | -11.9 | -9.1 |
| Russell 2000 | 13.9 | 4.6 | 18.3 | 47.3 | -20.5 | 2.5 | -3.0 |
| Russell 3000 | 5.3 | 6.1 | 12.0 | 31.0 | -21.6 | -11.5 | -7.5 |
| Russell 1000 Value | 5.9 | 7.0 | 16.5 | 30.0 | -15.5 | -5.6 | 7.0 |
| Russell 1000 Growth | 3.1 | 5.3 | 6.3 | 29.8 | -27.9 | -20.4 | -22.4 |
| | | | | | | | |
| **INT'L EQUITY** | | | | | | | |
| **GMO** | **10.6** | - | - | - | - | - | - |
| *Rank vs Int'l Eq* | *29* | - | - | - | - | - | - |
| **McKinley Capital** | - | - | - | - | - | - | - |
| *Rank vs Int'l Eq* | - | - | - | - | - | - | - |
| **Total Int'l Equities** | **10.6** | **20.0** | **18.1** | **39.9** | **-14.6** | **-18.1** | **-18.2** |
| *Rank vs Int'l Eq* | *29* | *32* | *68* | *27* | *45* | *59* | *74* |
| Median Int'l Equity | 9.4 | 15.9 | 19.9 | 36.4 | -15.0 | -16.5 | -14.0 |
| MSCI EAFE Index | 9.5 | 14.0 | 20.7 | 39.2 | -15.7 | -21.2 | -14.0 |

## YEAR BY YEAR PERFORMANCE STATISTICS
## Performance through First Quarter, 2006

| | YTD | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|---|---|
| **DOMESTIC FIXED INCOME** | | | | | | | |
| **AFL-CIO Housing** | **-0.3 %** | **3.0 %** | **4.6 %** | **4.2 %** | **12.1 %** | **8.6 %** | **12.7 %** |
| *Rank vs Fixed Income* | *60* | *25* | *41* | *66* | *6* | *43* | *9* |
| **Nicholas Applegate** | **2.1** | **3.8** | **9.1** | **21.2** | **4.8** | **3.6** | - |
| *Rank* | *79* | *15* | *66* | *68* | *5* | *40* | - |
| **ING Clarion** | **7.0** | **15.3** | - | - | - | - | - |
| *Rank vs Fixed Income* | *1* | *1* | - | - | - | - | - |
| **PIMCO** | **-0.4** | **3.4** | **5.6** | **6.9** | - | - | - |
| *Rank vs Fixed Income* | *66* | *18* | *20* | *21* | - | - | - |
| **Western Asset** | **-0.6** | **2.4** | **6.5** | **7.1** | - | - | - |
| *Rank vs Fixed Income* | *80* | *56* | *15* | *18* | - | - | - |
| **Total Domestic Fixed** | **0.1** | **3.7** | **6.3** | **7.9** | **9.1** | **7.2** | **10.7** |
| *Rank vs Fixed Income* | *34* | *14* | *16* | *14* | *52* | *75* | *49* |
| Median Fixed Income | -0.2 | 2.5 | 4.4 | 4.6 | 9.2 | 8.4 | 10.7 |
| Median MS High Yield Mgr. | 2.5 | 2.5 | 9.8 | 24.0 | -1.1 | 2.7 | -8.1 |
| Lehman Aggregate | -0.6 | 2.4 | 4.3 | 4.1 | 10.3 | 8.4 | 11.6 |
| Citigroup Mortgage | -0.1 | 2.7 | 4.8 | 3.1 | 8.8 | 8.2 | 11.3 |
| Citigroup High Yield | 2.8 | 2.1 | 10.8 | 30.6 | -1.5 | 5.4 | -5.7 |
| T-Bills | 1.0 | 3.1 | 1.3 | 1.1 | 1.8 | 4.4 | 6.1 |
| | | | | | | | |
| **INT'L FIXED INCOME** | | | | | | | |
| **Fischer Francis** | **-1.1** | **5.4** | **6.4** | **3.5** | **7.3** | **5.4** | - |
| Citigroup NonUS Govt Hdg | -0.9 | 5.7 | 5.2 | 1.9 | 6.9 | 6.1 | 9.6 |
| | | | | | | | |
| **ALTERNATIVE INVESTMENTS** | | | | | | | |
| **Adams Street**** | **7.2** | **17.0** | **13.0** | **4.5** | **-10.9** | **-28.9** | **92.1** |
| **Bay Area Equity Fund**** | **5.5** | **1.9** | - | - | - | - | - |
| **Energy Investor Fund**** | **3.2** | **84.2** | - | - | - | - | - |
| **Nogales**** | **7.0** | **13.1** | - | - | - | - | - |
| **Pathway**** | **7.6** | **42.5** | **12.2** | **0.2** | **-23.1** | **-33.9** | **39.3** |
| **Hancock PT Timber Fund** | **-0.3** | **9.8** | **6.9** | **3.8** | **-1.1** | **0.2** | **3.3** |
| **Total Alternative** | **5.3** | **33.5** | **10.5** | **3.5** | **-9.3** | **-22.8** | **59.5** |

*See also IRRs on closed end funds (real estate and alternatives) on Page 79.*

*** Performance as of December 31, 2005.*

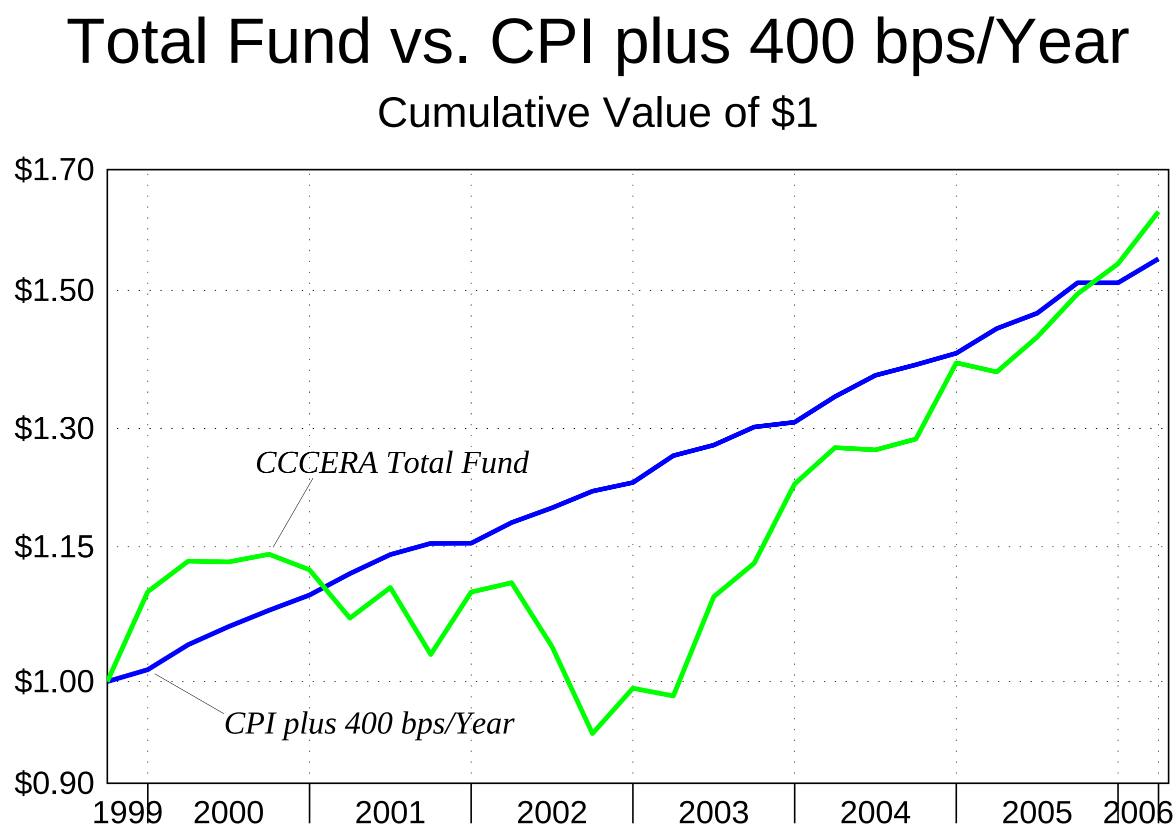
## YEAR BY YEAR PERFORMANCE STATISTICS
## Performance through First Quarter, 2006

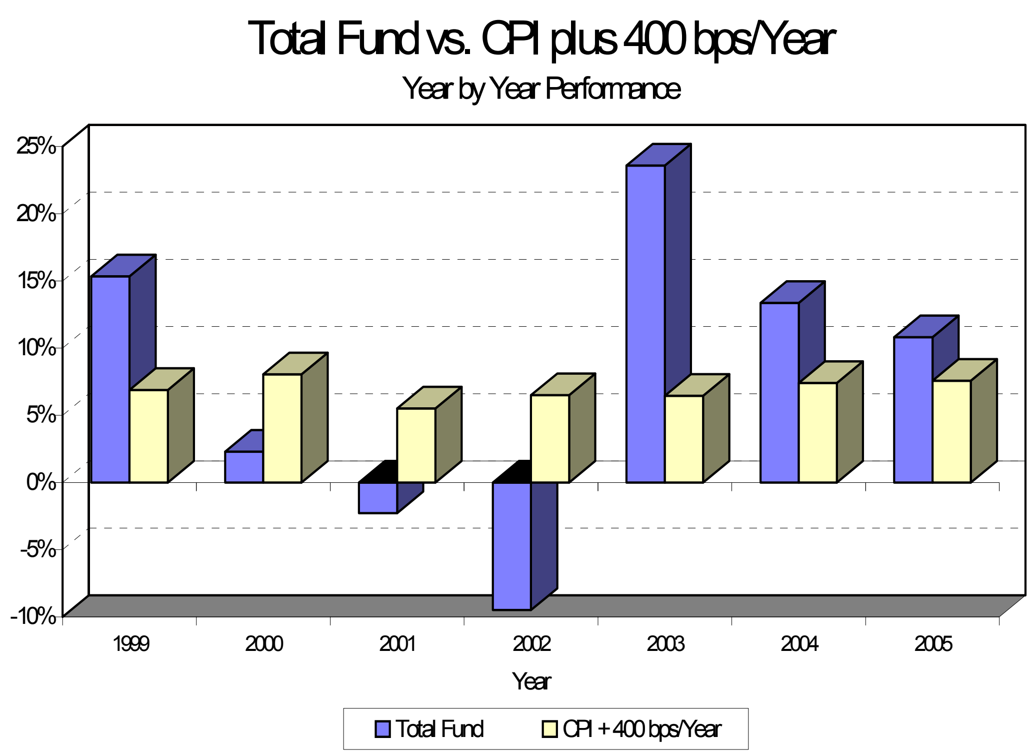
| | YTD | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|---|---|
| **REAL ESTATE** | | | | | | | |
| **Adelante Capital REIT** | **16.4 %** | **16.7 %** | **36.9 %** | **36.1 %** | **4.2 %** | **- %** | **- %** |
| ***Rank*** | ***2*** | ***4*** | ***11*** | ***53*** | ***47*** | **-** | **-** |
| **BlackRock Realty** | **9.9** | **28.7** | **-** | **-** | **-** | **-** | **-** |
| ***Rank*** | ***23*** | ***11*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** |
| **DLJ RECP I**** | **-2.1** | **14.2** | **11.8** | **4.2** | **6.8** | **9.0** | **14.9** |
| ***Rank*** | ***96*** | ***62*** | ***54*** | ***84*** | ***39*** | ***35*** | ***38*** |
| **DLJ RECP II**** | **17.6** | **51.3** | **33.8** | **25.8** | **9.9** | **4.9** | **-4.3** |
| ***Rank*** | ***3*** | ***4*** | ***19*** | ***28*** | ***14*** | ***66*** | ***88*** |
| **DLJ RECP III**** | **-5.4** | **-** | **33.8** | **25.8** | **9.9** | **4.9** | **-4.3** |
| ***Rank*** | ***98*** | ***-*** | ***19*** | ***28*** | ***14*** | ***66*** | ***88*** |
| **FFCA** | **3.3** | **10.7** | **14.5** | **9.6** | **9.9** | **10.2** | **15.1** |
| ***Rank*** | ***55*** | ***74*** | ***39*** | ***43*** | ***13*** | ***21*** | ***37*** |
| **Fidelity** | **6.8** | **16.1** | **-** | **-** | **-** | **-** | **-** |
| ***Rank*** | ***28*** | ***51*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** |
| **Invesco Fund I** | **14.3** | **-** | **-** | **-** | **-** | **-** | **-** |
| ***Rank*** | ***15*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** |
| **Prudential SPF II** | **7.6** | **38.3** | **19.7** | **12.4** | **6.5** | **4.1** | **11.7** |
| ***Rank*** | ***26*** | ***7*** | ***30*** | ***33*** | ***40*** | ***68*** | ***57*** |
| **U.S. Realty** | **4.5** | **-21.1** | **8.3** | **17.2** | **13.8** | **11.1** | **11.1** |
| ***Rank*** | ***40*** | ***96*** | ***69*** | ***32*** | ***2*** | ***20*** | ***64*** |
| **Willows Office Property** | **2.3** | **7.9** | **-8.9** | **7.9** | **8.2** | **66.1** | **10.6** |
| ***Rank*** | ***76*** | ***80*** | ***96*** | ***67*** | ***29*** | ***1*** | ***65*** |
| **Total Real Estate** | **13.1** | **20.8** | **30.4** | **25.6** | **7.5** | **10.2** | **11.0** |
| ***Rank*** | ***18*** | ***28*** | ***23*** | ***28*** | ***35*** | ***25*** | ***64*** |
| Median Real Estate | 3.7 | 16.7 | 12.3 | 9.5 | 4.8 | 7.3 | 12.7 |
| NCREIF Property Index | 3.6 | 20.1 | 14.5 | 9.0 | 6.7 | 6.3 | 10.3 |
| NAREIT Index | 14.7 | 12.2 | 30.4 | 38.5 | 5.2 | 15.5 | 25.9 |
| CPI + 500 bps | 2.8 | 8.6 | 8.5 | 7.5 | 7.6 | 6.7 | 10.2 |
| | | | | | | | |
| **CCCERA Total Fund** | **5.5** | **10.8** | **13.38** | **23.5** | **-9.5** | **-2.4** | **2.2** |
| ***Rank vs. Total Fund*** | ***12*** | ***5*** | ***15*** | ***20*** | ***63*** | ***54*** | ***53*** |
| ***Rank vs. Public Fund*** | ***9*** | ***2*** | ***8*** | ***19*** | ***69*** | ***47*** | ***48*** |
| Median Total Fund | 3.9 | 6.1 | 10.4 | 19.1 | -8.1 | -1.6 | 2.8 |
| Median Public Fund | 4.1 | 6.0 | 10.0 | 20.4 | -8.0 | -2.4 | 2.1 |
| CPI + 400 bps | 2.5 | 7.6 | 7.4 | 6.5 | 6.5 | 5.5 | 9.1 |

** *Performance as of December 31, 2005.*

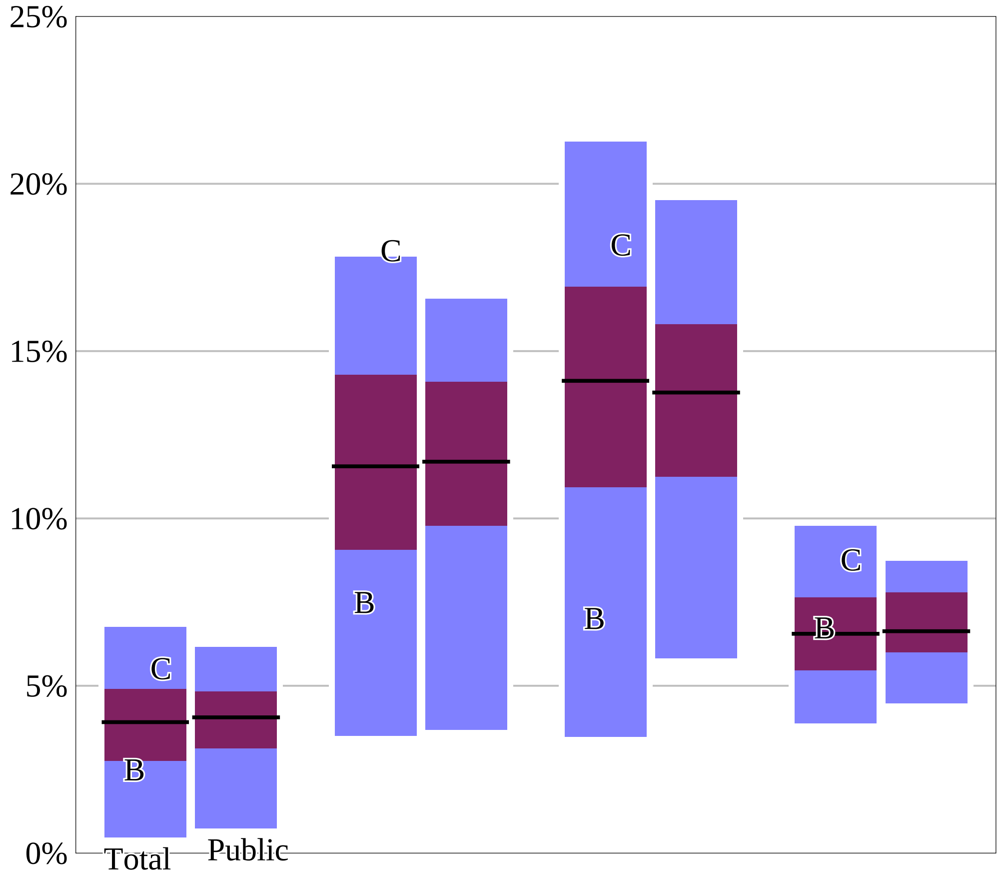
## TOTAL FUND PERFORMANCE

### Total Fund



**Total Fund**



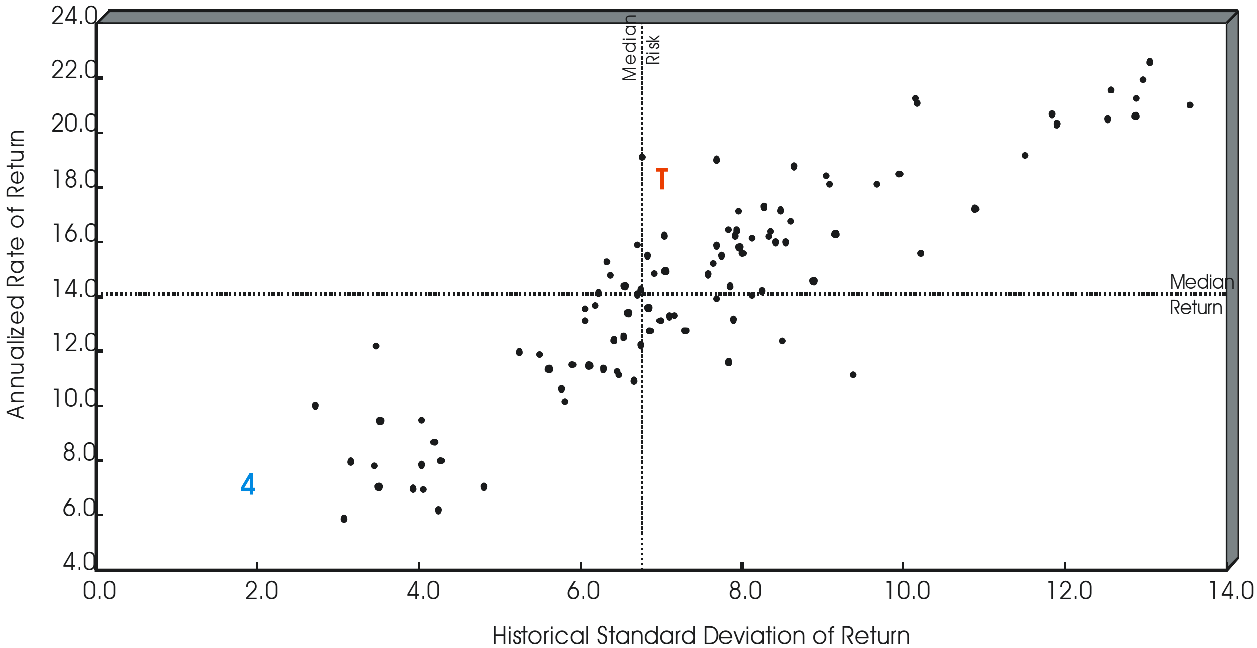

| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Total Fund (**C**) | 5.5 | 18.0 | 18.2 | 8.8 |
| | | | | |
| *Rank v. Total* | *12* | *4* | *14* | *10* |
| *Rank v. Public* | *9* | *1* | *7* | *4* |
| CPI plus 400 (**B**) | 2.5 | 7.5 | 7.0 | 6.8 |
| Total Fund Median | 3.9 | 11.6 | 14.1 | 6.6 |
| Public Fund Median | 4.1 | 11.7 | 13.8 | 6.6 |

CCCERA Total Fund returned 5.5% in the first quarter, exceeding the 3.9% return of the median total fund and the 4.1% return of the median total public fund. For the one-year period, the Total Fund returned 18.0%, well above 11.6% for the median total fund and 11.7% for the median public fund. Over the longer periods CCCERA has performed better than both fund medians. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a similar risk over the past three and five year periods. CCCERA Total Fund also exceeded the CPI plus 400 basis points over the past five years.

## TOTAL FUND PERFORMANCE

### Performance and Variability

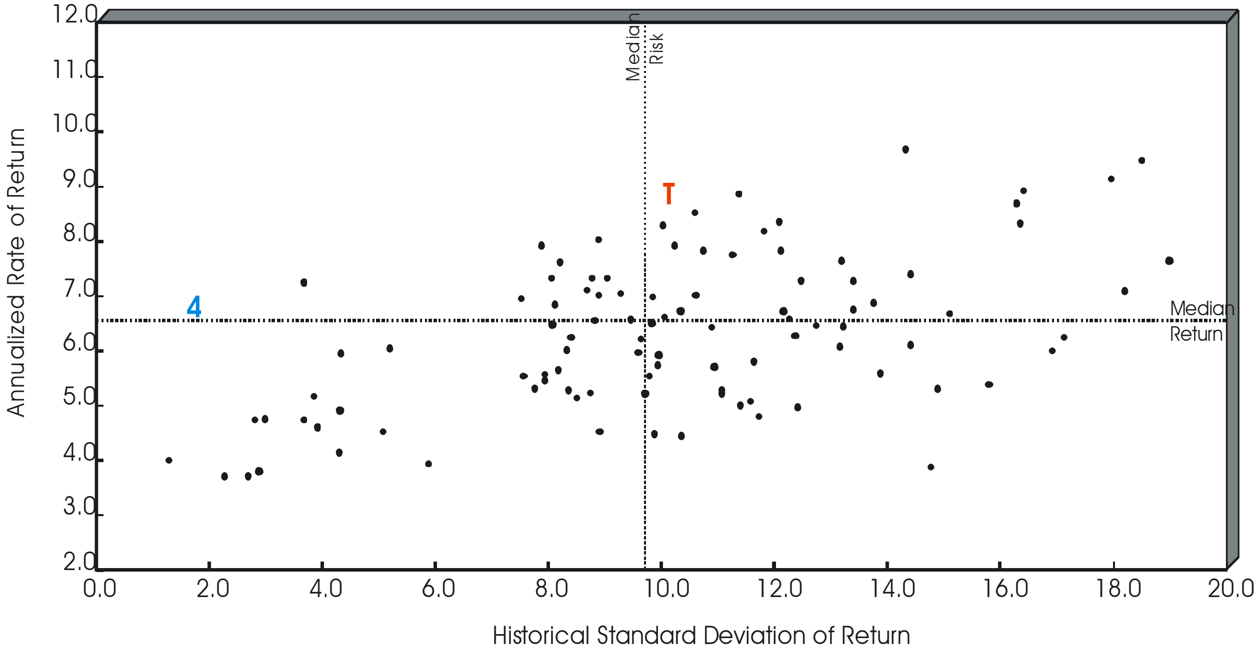
***Three Years Ending March 31, 2006***




| | | Annualized Return | | Standard Deviation | |
|---|---|---|---|---|---|
| | | Value | Rank | Value | Rank |
| T | Total Fund | 18.20 | 14 | 7.09 | 58 |
| 4 | CPI + 400bps/yr | 7.04 | 86 | 1.93 | 3 |
| | Median | 14.11 | | 6.76 | |

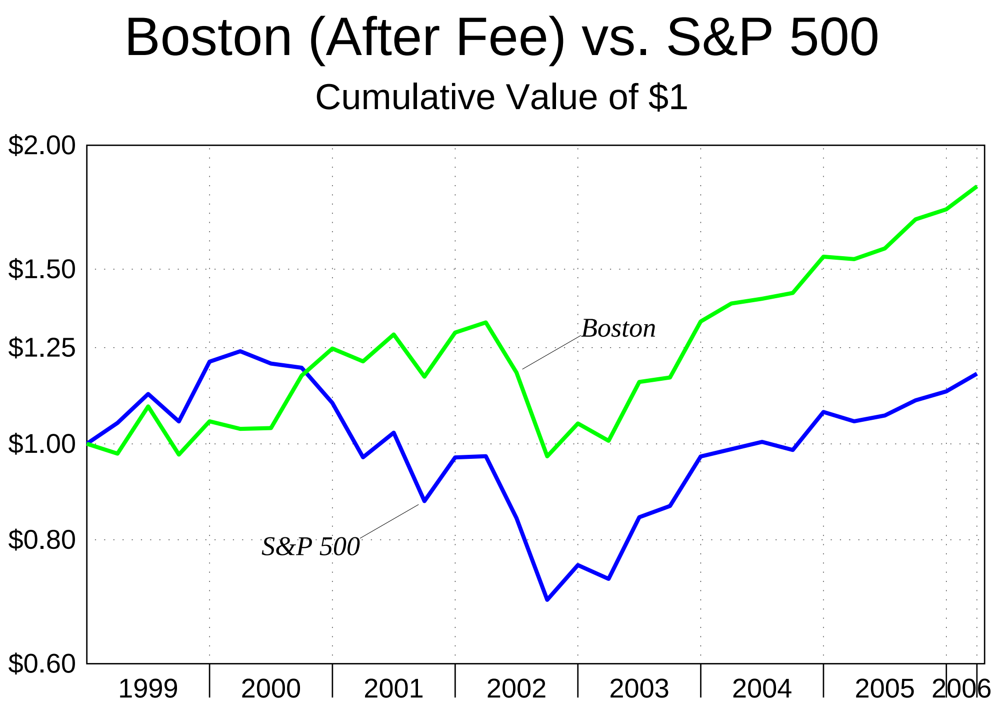
## Performance and Variability

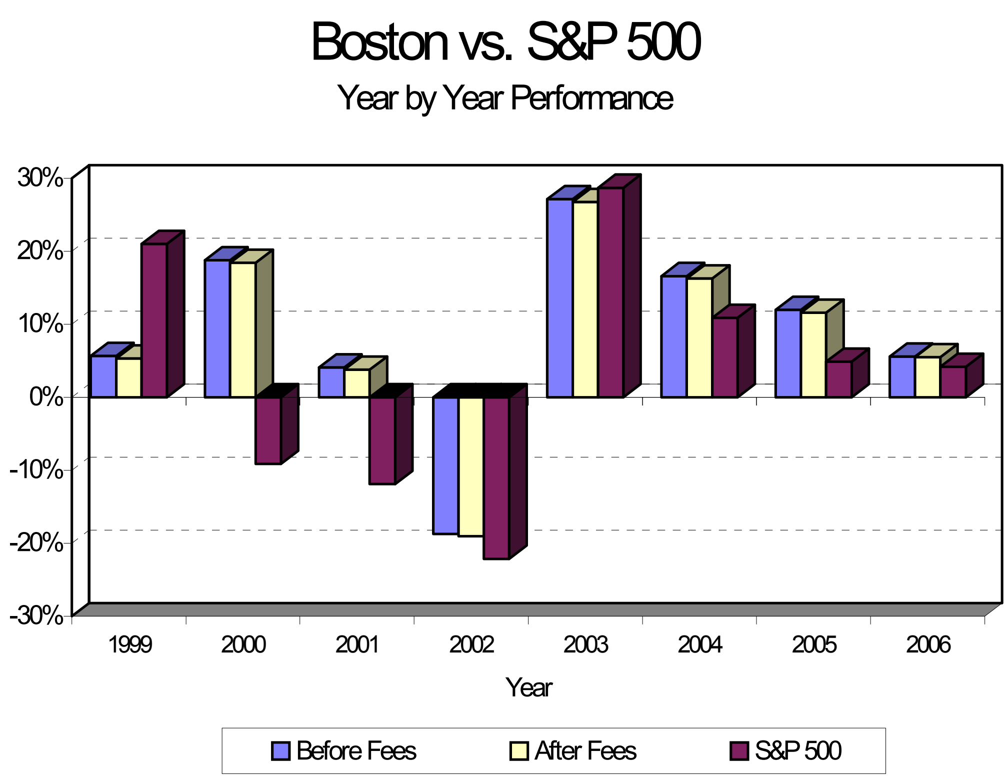
*Five Years Ending March 31, 2006*



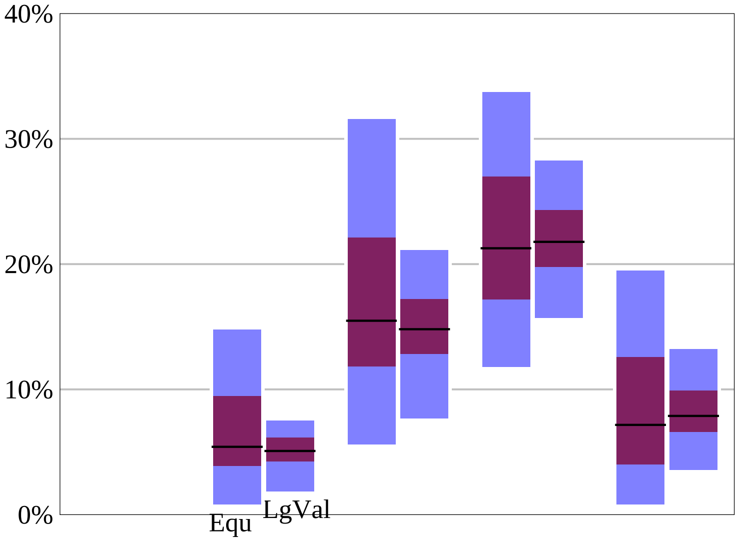

| | | Annualized Return | | Standard Deviation | |
|---|---|---|---|---|---|
| | | Value | Rank | Value | Rank |
| T | Total Fund | 8.79 | 10 | 10.27 | 59 |
| 4 | CPI + 400bps/yr (add 32bps/mth) | 6.75 | 44 | 1.81 | 2 |
| | Median | 6.56 | | 9.71 | |

**Boston Partners**



## Boston Partners




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Boston (B) | 5.6 | 18.8 | 22.2 | 8.8 |
| *Rank v. Equity* | *48* | *37* | *44* | *39* |
| *Rank v. Lg Value* | *38* | *13* | *41* | *38* |
| S&P 500 (S) | 4.2 | 11.7 | 17.2 | 4.0 |
| Rus. 1000 Val. (r) | 5.9 | 13.3 | 21.8 | 7.8 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |
| Lg Value Median | 5.1 | 14.8 | 21.8 | 7.9 |

| **Portfolio Characteristics** | **Boston Partners** | **S&P 500** |
|---|---|---|
| Eq Mkt Value ($Mil) | 253.4 | N/A |
| Wtd. Avg. Cap ($Bil) | 69.3 | 90.1 |
| Beta | 1.04 | 1.00 |
| Yield (%) | 1.68 | 1.86 |
| P/E Ratio | 15.50 | 18.21 |
| Cash (%) | 1.5 | 0.0 |
| | | |
| Number of Holdings | 85 | 500 |
| Turnover Rate (%) | 68.8 | - |

| **Sector** | **Boston Partners** | **S&P 500** |
|---|---|---|
| Energy | 14.7 % | 9.3 % |
| Materials | 4.4 | 3.0 |
| Industrials | 8.1 | 11.6 |
| Cons. Discretionary | 14.2 | 10.5 |
| Consumer Staples | 1.3 | 9.5 |
| Health Care | 8.0 | 13.3 |
| Financials | 33.4 | 21.2 |
| Info Technology | 12.1 | 15.1 |
| Telecom Services | 3.4 | 3.0 |
| Utilities | 0.4 | 3.4 |

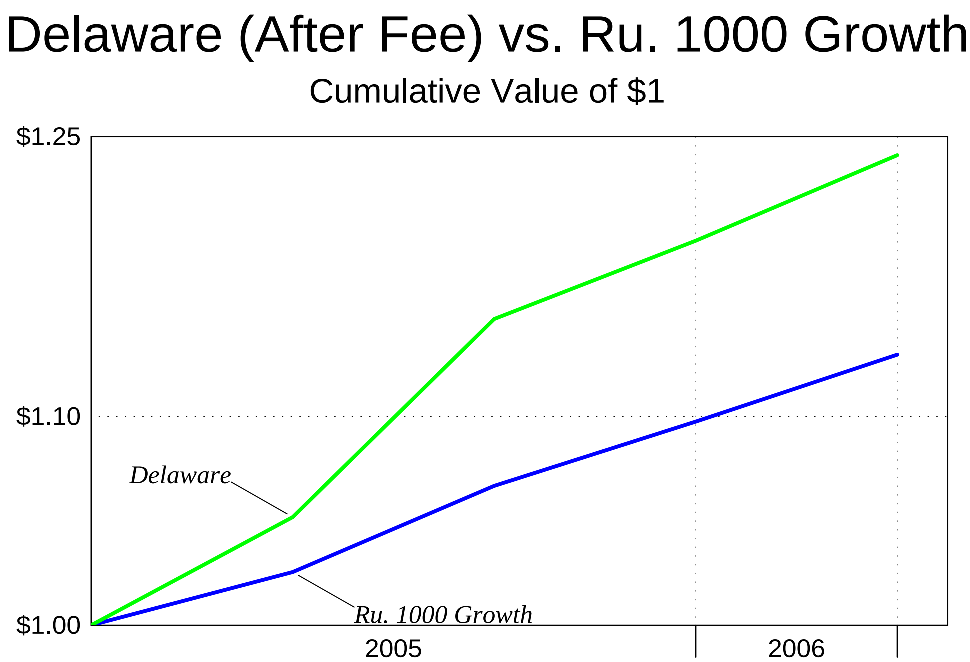
Boston Partners' first quarter return of 5.6% was above 4.2% for the S&P 500, 5.4% for the median equity manager and the 5.1% return of the median large value equity manager but below the 5.9% return of the Russell 1000 Value Index. For the one-year period, Boston returned 18.8%, above 11.7% for the S&P 500, 15.5% for the median equity manager and the 13.3% return of the Russell 1000 Value Index. Over both the three and five year periods, Boston’s performance was above the median equity manager and exceeded the S&P 500 on both a risk-adjusted and absolute basis (page 36). Boston is in compliance with CCCERA’s performance objectives.

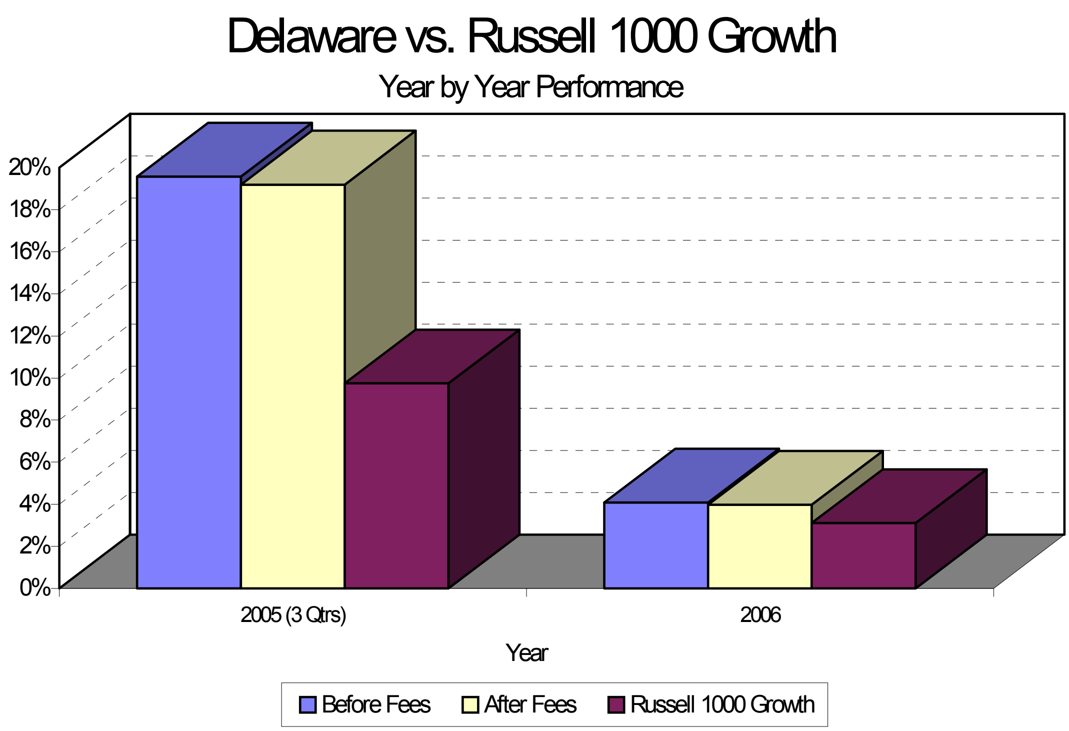
The portfolio had a slightly above market beta of 1.04x, a below-market P/E ratio and a below-market yield. It included 85 stocks, concentrated in the large to mid capitalization sectors. Boston's largest economic sector over-weightings were in the financials and energy sectors, while the largest under-weightings were in the consumer staples and health care sectors. Boston’s annual portfolio turnover rate for the year ended March 31, 2006 was 68.8%.

Boston Partners’ first quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. Trading decisions during the quarter had a negative impact. Stock selection decisions in the health care, consumer discretionary and financials sectors had the strongest positive impacts on the portfolio. Top performing holdings included American Eagle Outfitters (+30%), Marathon Oil (+26%) and Amvescap plc (+24%), while the worst performing holdings included Groupe CGI Inc (-18%), McAfee Inc (-10%) and Crown Holdings Inc (-9%).

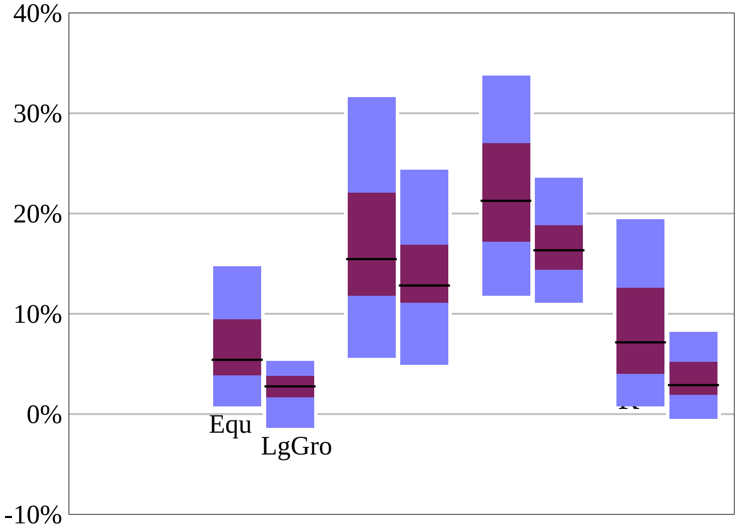
## MANAGER COMMENTS – DOMESTIC EQUITY

### Delaware



## Delaware




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Delaware (D) | 4.1 | 24.5 | - | - |
| *Rank v. Equity* | *72* | *17* | - | - |
| *Rank v. Lg Growth* | *18* | *4* | - | - |
| S&P 500 (S) | 4.2 | 11.7 | 17.2 | 4.0 |
| Rus. 1000 Gro. (**R**) | 3.1 | 13.2 | 14.8 | 1.7 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |
| Lg Growth Median | 2.8 | 12.8 | 16.3 | 2.9 |

| **Portfolio Characteristics** | **Delaware** | **S&P 500** |
|---|---|---|
| Eq Mkt Value ($Mil) | 252.00 | N/A |
| Wtd. Avg. Cap ($Bil) | 54.21 | 90.1 |
| Beta | 1.04 | 1.00 |
| Yield (%) | 0.66 | 1.86 |
| P/E Ratio | 32.47 | 18.21 |
| Cash (%) | 0.9 | 0.0 |
| Number of Holdings | 29 | 500 |
| Turnover Rate (%) | 39.9 | - |

| **Sector** | **Delaware** | **S&P 500** |
|---|---|---|
| Energy | 0.0 % | 9.3 % |
| Materials | 3.4 | 3.0 |
| Industrials | 7.9 | 11.6 |
| Cons. Discretionary | 18.1 | 10.5 |
| Consumer Staples | 9.8 | 9.5 |
| Health Care | 15.2 | 13.3 |
| Financials | 10.8 | 21.2 |
| Info Technology | 31.7 | 15.1 |
| Telecom Services | 3.2 | 3.0 |
| Utilities | 0.0 | 3.4 |

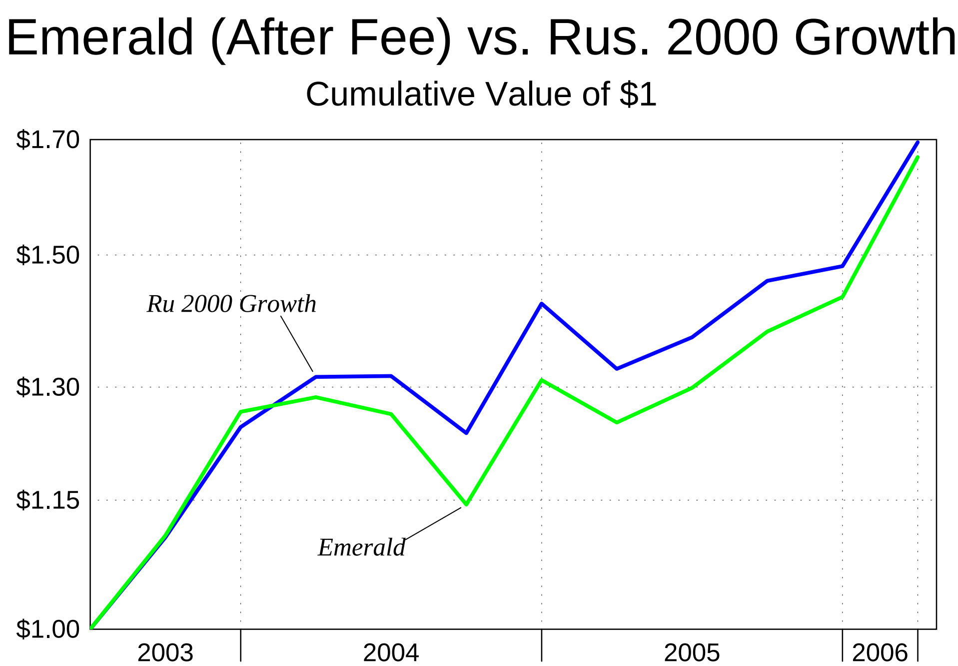
Delaware's return of 4.1% for the first quarter was better than the 3.1% return of the Russell 1000 Growth Index and exceeded the 2.8% return of the large cap growth median, ranking in the 18th percentile in the universe of large growth equity managers. Over the past year, the portfolio has returned 24.5%, far exceeding the Russell 1000 Growth Index return of 13.2% and ranking in the 4th percentile of large growth equity managers.

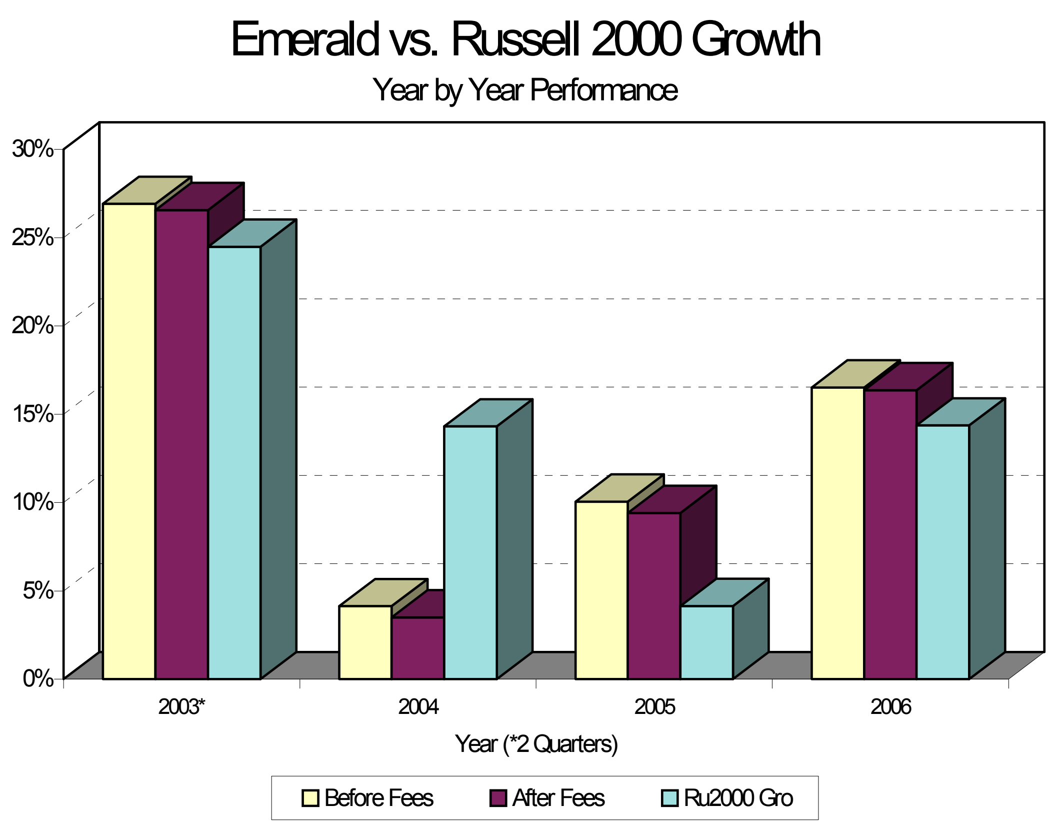
The portfolio (compared to the S&P 500 Index) had a beta of 1.04x and a well below-market yield. It included 29 stocks, concentrated in the large and mid capitalization sectors. Delaware's largest economic sector over-weightings relative to the S&P 500 were in the information technology and consumer discretionary sectors, while the largest under-weightings were in the financials and energy sectors.

Delaware's first quarter performance relative to the S&P 500 Index was hindered both by by stock selection and sector allocation decisions. Stock selection helped performance the most in the industrial and financials sectors but detracted from performance in the health care sector. Overweighting the health care sector also had a substantial negative impact on performance. Trading decisions had a positive impact on performance for the quarter. The top performing holdings included Seagate Technology (+32%), Expeditors Intl Wash (+28%) and Chicago Mercantile (+22%). The worst performing holdings included XM Satellite Radio (-18%), Apollo Group (-13%) and Unitedhealth Group (-10%). At the end of the quarter, the largest holdings were Qualcomm Inc (5.5%), Genentech (4.8%), and Staples (4.4%).

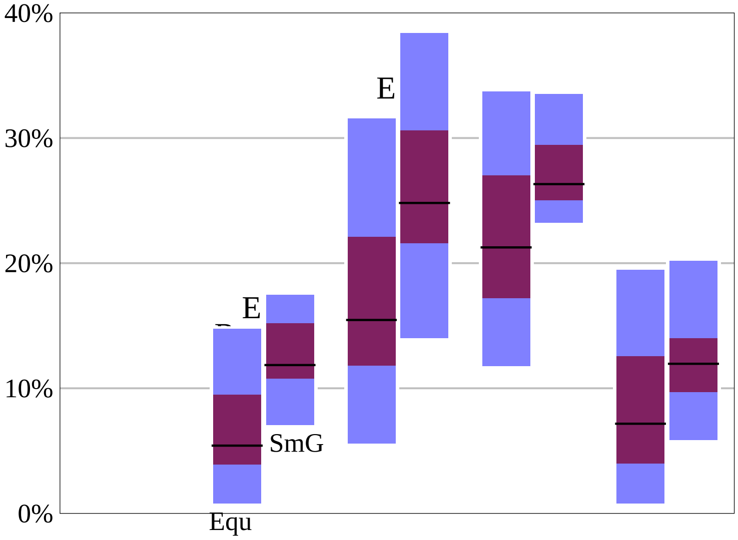
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Emerald**



## Emerald




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Emerald (E) | 16.5 | 34.1 | - | - |
| *Rank v. Equity* | *2* | *3* | - | - |
| *Rank v. Sm. Gro* | *9* | *13* | - | - |
| Ru 2000 Gro (R) | 14.4 | 27.8 | 28.1 | 8.6 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |
| Sm. Gro Median | 11.9 | 24.8 | 26.3 | 12.0 |

| Portfolio Characteristics | Emerald | Russell 2000 |
|---|---|---|
| Eq Mkt Value ($Mil) | 189.97 | N/A |
| Wtd. Avg. Cap ($Bil) | 1.56 | 1.31 |
| Beta | 1.40 | 1.23 |
| Yield (%) | 0.12 | 1.02 |
| P/E Ratio | 51.25 | 38.74 |
| Cash (%) | 2.7 | 0.0 |
| Number of Holdings | 126 | 2,007 |
| Turnover Rate (%) | 75.6 | - |

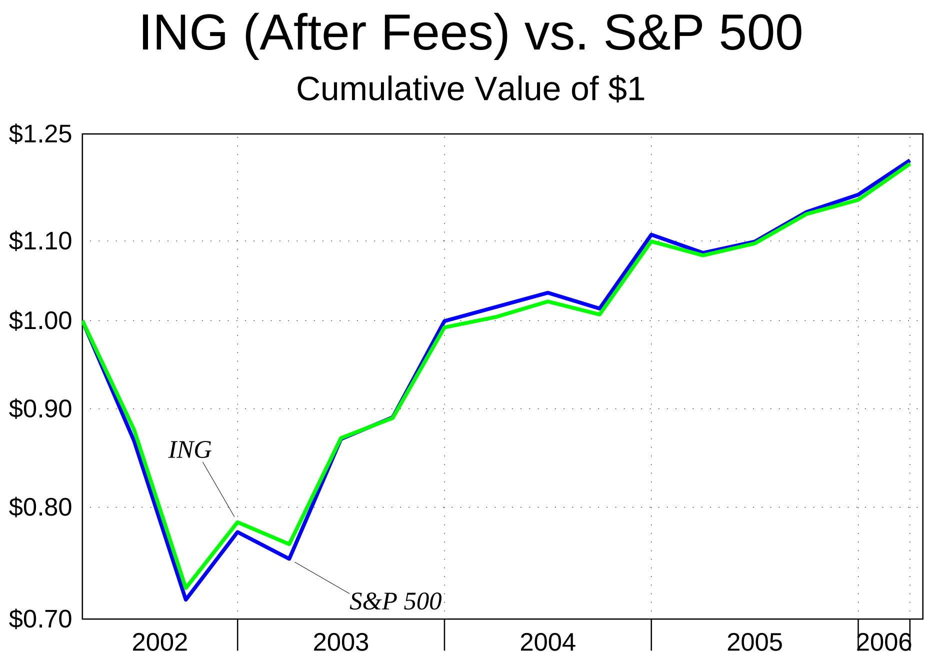
| Sector | Emerald | Russell 2000 |
|---|---|---|
| Energy | 5.8 % | 6.4 % |
| Materials | 4.8 | 5.2 |
| Industrials | 21.8 | 15.6 |
| Cons. Discretionary | 9.4 | 13.9 |
| Consumer Staples | 1.6 | 2.7 |
| Health Care | 19.4 | 12.3 |
| Financials | 4.8 | 20.8 |
| Info Technology | 31.4 | 19.3 |
| Telecom Services | 1.1 | 1.6 |
| Utilities | 0.0 | 2.3 |

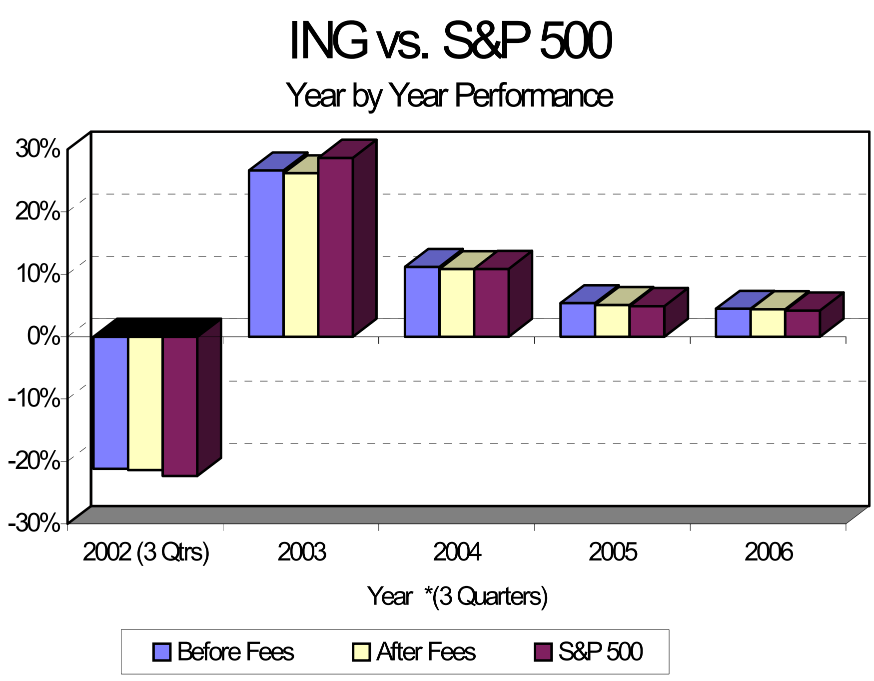
Emerald's return of 16.5% for the first quarter was better than the 14.4% return of the Russell 2000 Growth index and exceeded the 11.9% return of the small cap growth median, ranking in the 9th percentile in the universe of small growth equity managers. For the one-year period, Emerald returned 34.1%, well above the 27.8% return of the Russell 2000 Growth and 24.8% return of the small cap growth median. Emerald's one-year performance ranks in the 13th percentile in the universe of small growth equity managers.

The portfolio has a beta of 1.40x versus 1.23x for the Russell 2000 Index and a well below-market yield. It includes 126 stocks, concentrated in the small capitalization sector. Emerald's largest economic sector over-weightings relative to the Russell 2000 are in the information technology, health care and industrials sectors, while the largest under-weightings are in the financials and consumer discretionary sectors. Portfolio turnover was at an annual rate of 75.6%.

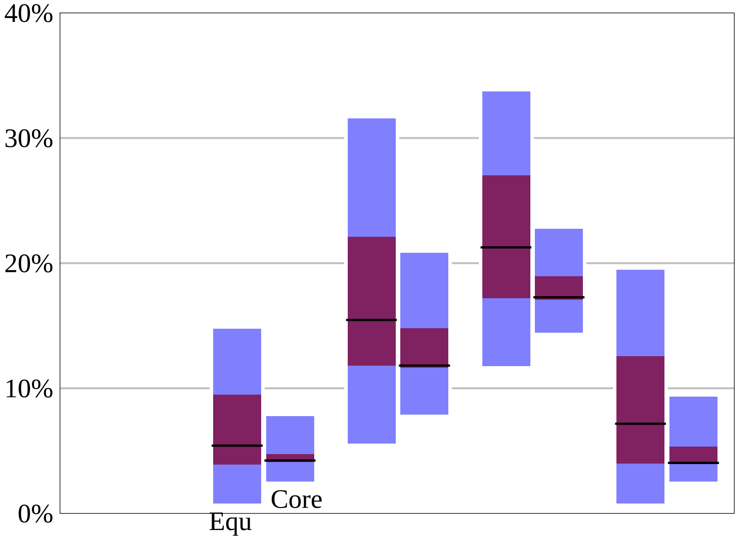
Emerald's first quarter performance relative to the Russell 2000 Growth Index was helped by from both stock selection and sector allocation decisions. Stock selection helped the most in the industrials, consumer discretionary and consumer staples sectors. Trading decisions had a nominal impact on performance for the quarter. The top performing holdings included Finisar (+138%), Smith Micro Software (+111%) and Atheros Communications (+101%). The worst performing holdings included M Sys Flash Disk (-22%), Portalplayer Inc (-22%) and Thermogenesis Corp (-16%). At the end of the quarter, the largest holdings were Wesco International (4.2%), Nutri Sys Inc (2.7%) and Airgas Inc (2.6%). Emerald reported that they believe the market is on sound footing for the remainder of 200, and that the market is now rewarding earnings growth, which is an ideal market for Emerald's stock-picking style.

**ING Investment Management**



## ING Investment Management




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| ING (I) | 4.5 | 11.9 | 16.7 | - |
| *Rank v. Equity* | *61* | *74* | *81* | - |
| *Rank v. Lg Core* | *34* | *48* | *85* | - |
| S&P 500 (S) | 4.2 | 11.7 | 17.2 | 4.0 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |
| Lg Core Median | 4.2 | 11.8 | 17.3 | 4.0 |

| **Portfolio Characteristics** | **ING** | **S&P 500** |
|---|---|---|
| Eq Mkt Value ($Mil) | 253.63 | N/A |
| Wtd. Avg. Cap ($Bil) | 92.44 | 90.07 |
| Beta | 0.99 | 1.00 |
| Yield (%) | 1.73 % | 1.86 % |
| P/E Ratio | 17.44 | 18.21 |
| Cash (%) | 0.2 % | 0.0 % |
| | | |
| Number of Holdings | 422 | 500 |
| Turnover Rate (%) | 90.6 | - |

| **Sector** | **ING** | **S&P 500** |
|---|---|---|
| Energy | 10.5 % | 9.3 % |
| Materials | 2.9 | 3.0 |
| Industrials | 11.5 | 11.6 |
| Cons. Discretionary | 10.9 | 10.5 |
| Consumer Staples | 9.7 | 9.5 |
| Health Care | 12.4 | 13.3 |
| Financials | 19.2 | 21.2 |
| Info Technology | 17.1 | 15.1 |
| Telecom Services | 2.9 | 3.0 |
| Utilities | 2.8 | 3.4 |

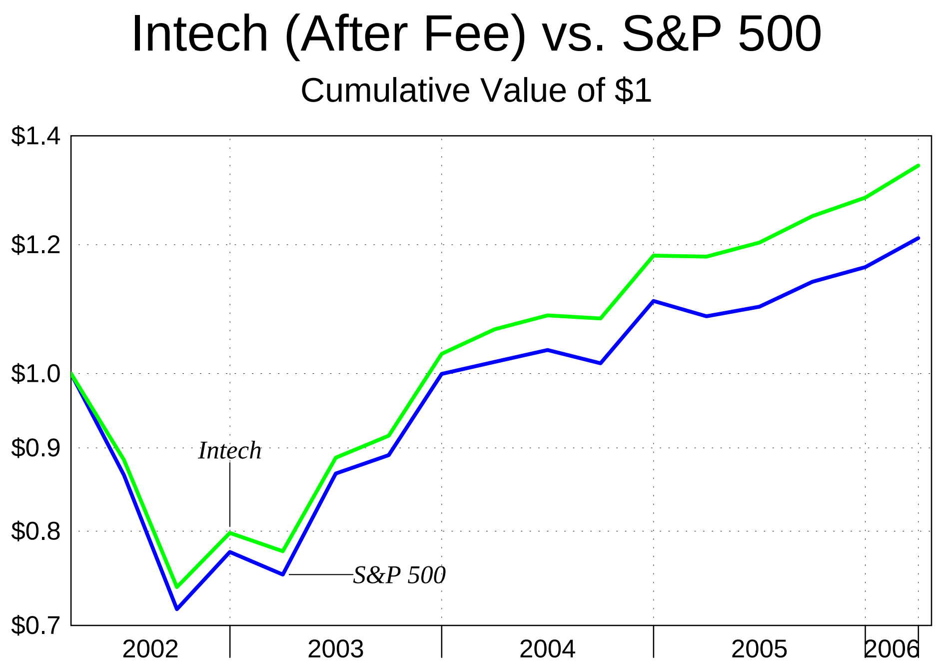
ING's return of 4.5% for the first quarter was above the 4.2% return of the S&P 500 and ranked in the 61st percentile in the universe of equity managers. For the one-year period, ING returned 11.9%, above 11.7% for the S&P 500. While ING has outperformed the S&P 500 over periods shorter than three years, ING's performance slightly trailed the S&P 500 over the past three years. ING is not in compliance with some of CCCERA's performance objectives. As of June 2005, ING stopped using Innovest's rankings as part of its selection model.

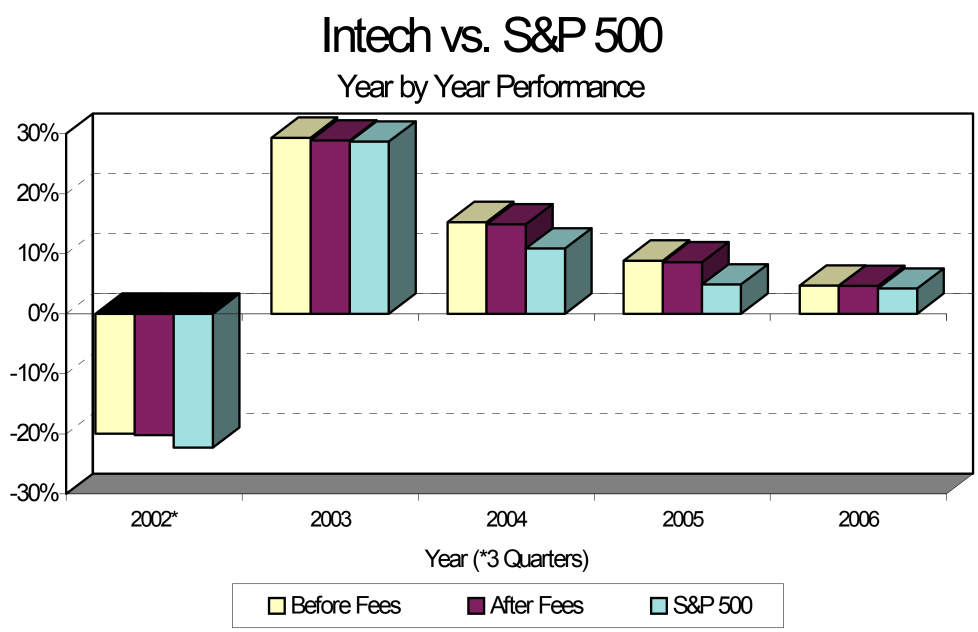
The portfolio had a near market beta, a lower yield and a below-market price/earnings ratio. It included 422 stocks, concentrated in large capitalization sectors. As expected, the portfolio continued to be structured very similarly to the S&P 500. ING's largest economic sector over-weightings were in the information technology and energy sectors, while the largest under-weightings were in the financials and health care sectors. Portfolio turnover was at an annual rate of 90.6% this quarter.

ING's performance for the first quarter relative to the S&P 500 was helped slightly by both stock selection and sector allocation decisions, although no individual sector had a significant impact. Trading decisions during the quarter had a nominal impact on performance. The largest portfolio holdings at the end of the quarter were Exxon Mobil (4.0%), General Electric (2.9%) and Microsoft (2.8%). The best performing holdings during the quarter included Nucor Corp (+58%), Nvidia Corp (+57%) and Tellabs Inc (+46%), while the worst performing holdings included Amazon.com (-23%), Intel Corp (-22%) and St. Jude Med Inc (-18%). Doug Cote believes the portfolio is positioned to capitalize on high quality companies with superior business momentum, growing earnings and attractive valuations.

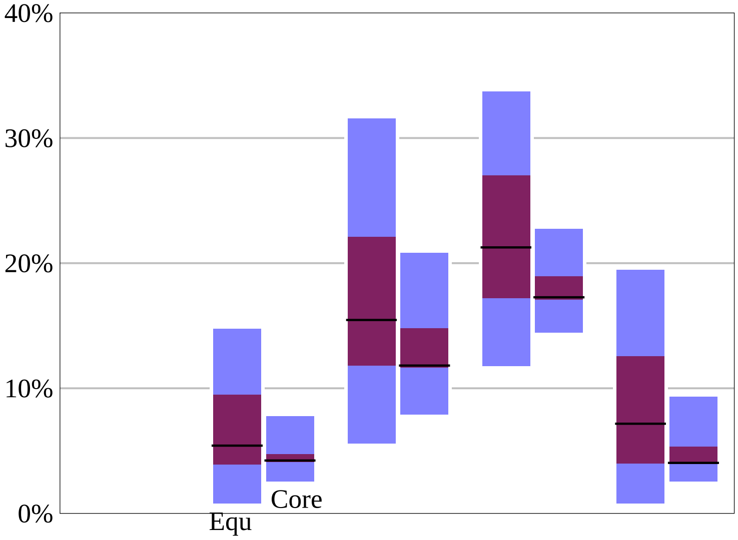
MANAGER COMMENTS – DOMESTIC EQUITY

**Intech**



## Intech




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Intech (I) | 4.7 | 14.0 | 20.3 | - |
| *Rank v. Equity* | *57* | *59* | *54* | - |
| *Rank v. Lg Core* | *27* | *31* | *12* | - |
| S&P 500 (S) | 4.2 | 11.7 | 17.2 | 4.0 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |
| Lg Core Median | 4.2 | 11.8 | 17.3 | 4.0 |

| **Portfolio Characteristics** | **Intech** | **S&P 500** |
|---|---|---|
| Eq Mkt Value ($Mil) | 253.88 | N/A |
| Wtd. Avg. Cap ($Bil) | 66.21 | 90.07 |
| Beta | 0.91 | 1.00 |
| Yield (%) | 1.60 % | 1.86 % |
| P/E Ratio | 18.74 | 18.21 |
| Cash (%) | 0.4 % | 0.0 % |
| | | |
| Number of Holdings | 397 | 500 |
| Turnover Rate (%) | 72.6 | - |

| **Sector** | **Intech** | **S&P 500** |
|---|---|---|
| Energy | 10.3 % | 9.3 % |
| Materials | 1.2 | 3.0 |
| Industrials | 8.9 | 11.6 |
| Cons. Discretionary | 10.5 | 10.5 |
| Consumer Staples | 9.2 | 9.5 |
| Health Care | 18.3 | 13.3 |
| Financials | 21.3 | 21.2 |
| Info Technology | 12.3 | 15.1 |
| Telecom Services | 3.1 | 3.0 |
| Utilities | 5.0 | 3.4 |

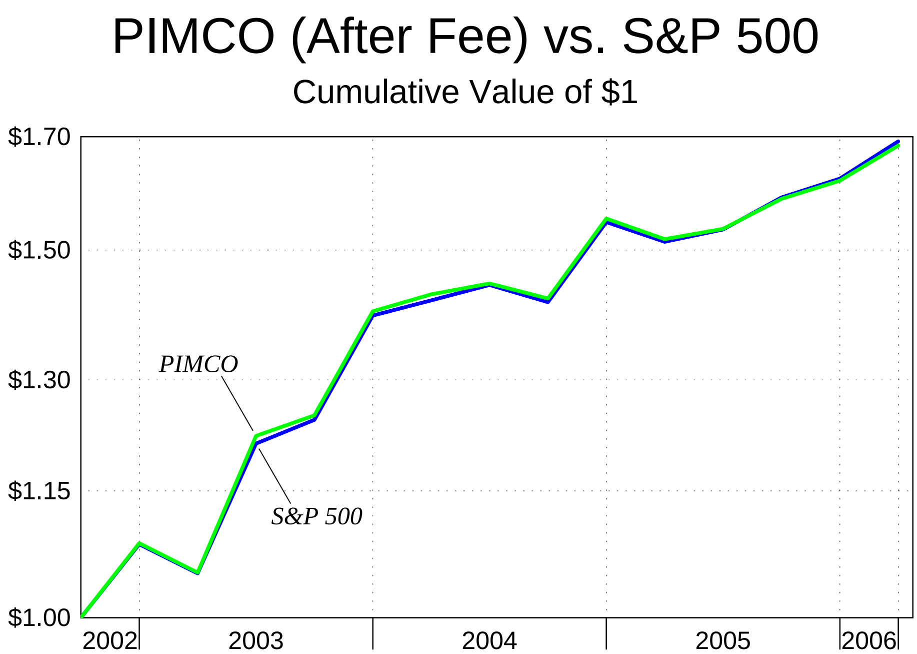
Intech's return of 4.7% for the first quarter exceeded 4.2% for the S&P 500 but trailed the 5.4% return of the median equity manager, ranking in the 57$^{th}$ percentile in the universe of equity managers. For the one-year period, Intech returned 14.0%, exceeding 11.7% for the S&P 500 but trailing the 15.5% return of the median equity manager. Over the past three years, Intech returned 20.3%, above the 17.2% return of the S&P 500 but ranking in the 54$^{th}$ percentile of equity managers. Over the past three years, Intech's performance was below the median equity manager but exceeded the S&P 500 on both a risk-adjusted and absolute basis (page 36). Intech is in compliance with CCCERA's performance objectives.

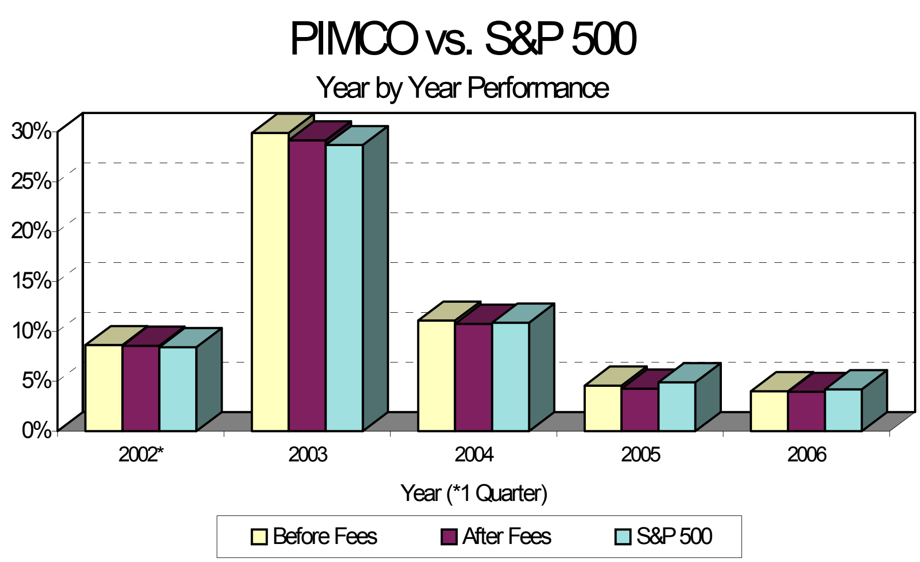
Intech uses a mathematical, quantitative approach to managing funds. The portfolio has a below-market beta of 0.91x, a lower yield and a slightly above-market P/E ratio. The portfolio has 397 holdings concentrated in large capitalization sectors, and shows similar-to-market growth. The largest economic sector over-weightings were in the health care and utilities sectors, while largest under-weightings were in the information technology and industrials sectors. First quarter portfolio turnover was at an annual rate of 72.6%.

Intech's first quarter performance relative to the S&P 500 was helped by stock selection but slightly hindered by sector allocation decisions. The impact from active trading decisions was nominal. Stock selection in the information technology sector helped performance the most during the quarter. The best performing portfolio stocks included Allegheny Technologies (+70%), Nvidia Corp (+57%), and Tellabs Inc (+46%), while the worst performing holdings during the quarter included Amazon.com (-23%), Intel Corp (-22%) and Tyson Foods (-19%).

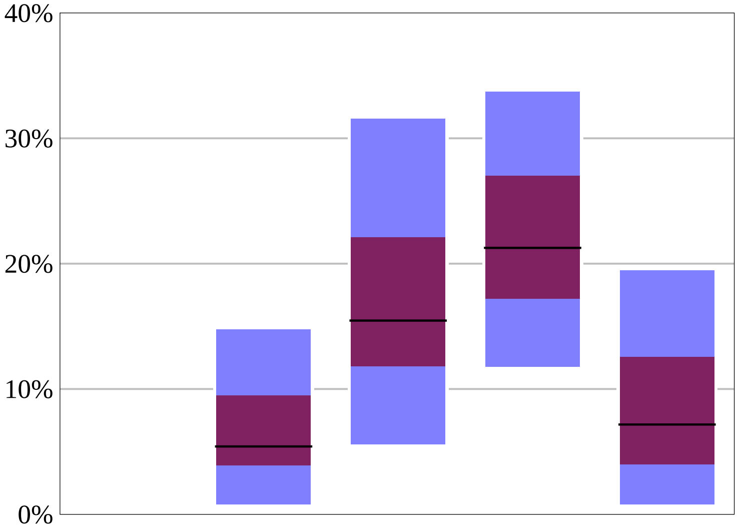
**MANAGER COMMENTS – DOMESTIC EQUITY**

**PIMCO**



## PIMCO




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| PIMCO (P) | 4.0 | 11.2 | 17.3 | - |
| *Rank v. Equity* | *73* | *83* | *71* | - |
| S&P 500 (S) | 4.2 | 11.7 | 17.2 | 4.0 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |

| **Portfolio Characteristics** | **PIMCO** | **S&P 500** |
|---|---|---|
| Eq Mkt Value ($Mil) | 331.4 | N/A |
| Wtd. Avg. Cap ($Bil) | * | 90.07 |
| Beta | * | 1.00 |
| Yield (%) | * % | 1.86 % |
| P/E Ratio | * | 18.21 |
| Cash (%) | 28.0 % | 0.0 % |
| | | |
| Number of Holdings | * | 500 |
| Turnover Rate (%) | 908.1 | - |

| **Sector** | **PIMCO** | **S&P 500** |
|---|---|---|
| Energy | * % | 9.3 % |
| Materials | * | 3.0 |
| Industrials | * | 11.6 |
| Cons. Discretionary | * | 10.5 |
| Consumer Staples | * | 9.5 |
| Health Care | * | 13.3 |
| Financials | * | 21.2 |
| Info Technology | * | 15.1 |
| Telecom Services | * | 3.0 |
| Utilities | * | 3.4 |

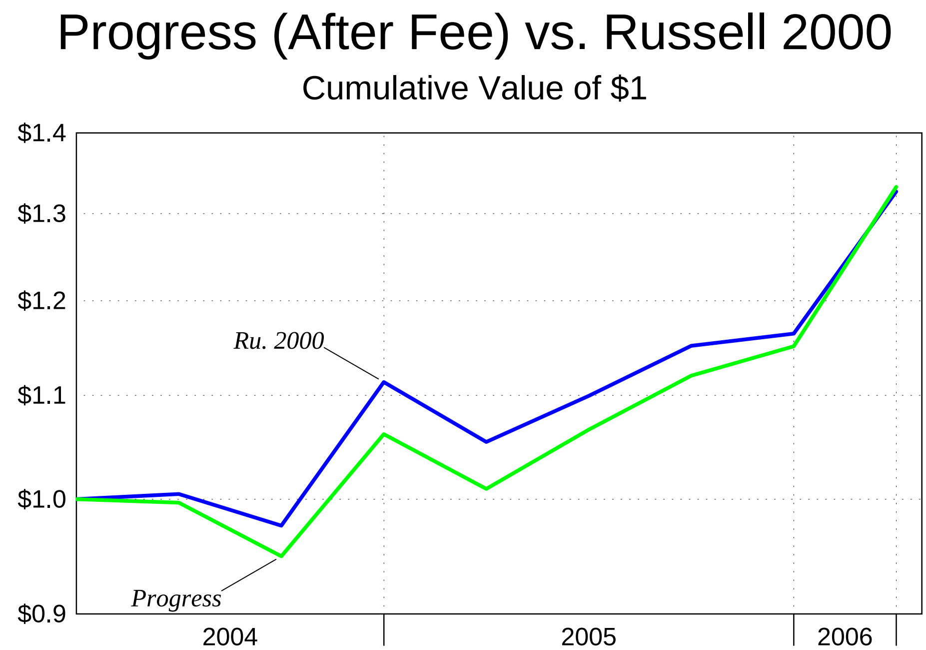
*PIMCO manages a synthetic equity portfolio and does not hold any equity securities.

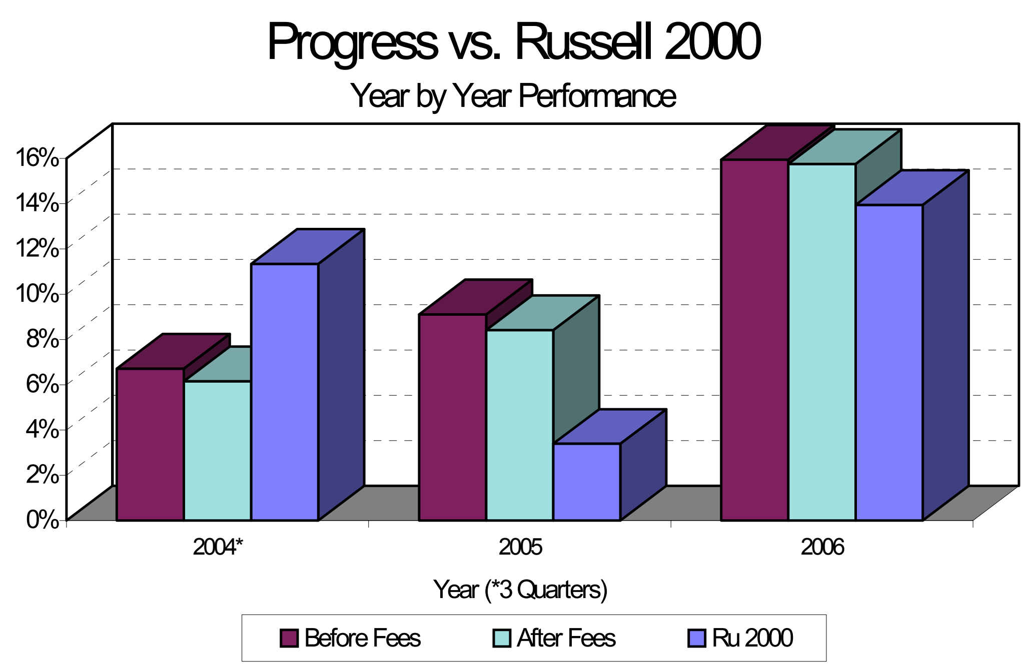
PIMCO's Stock Plus (futures plus cash) portfolio returned 4.0% for the first quarter, slightly trailing the 4.2% return of the S&P 500 and trailing the 5.4% return of the median equity manager. For the one-year period, PIMCO returned 11.2%, below the 11.7% return of the S&P 500 (and the 15.5% return of the median equity manager). Over the past three years, the portfolio return of 17.3% marginally exceeded the 17.2% return of the S&P 500. The portfolio has (barely) met the objective of exceeding the S&P 500 over the past three years.

PIMCO's performance was hurt by an emphasis on short-term rates via Eurodollar futures, as investors anticipated more rate hikes by the Fed. Modest TIPS holdings also hurt performance, as investors focused more on expected Fed tightening than on inflation prospects. Positive contributors to first quarter performance included a mortgage emphasis, short positions in non-US securities, corporate and asset-backed holdings and swap spread widening strategies, as swap yields rose faster than government bonds in Europe and Japan.

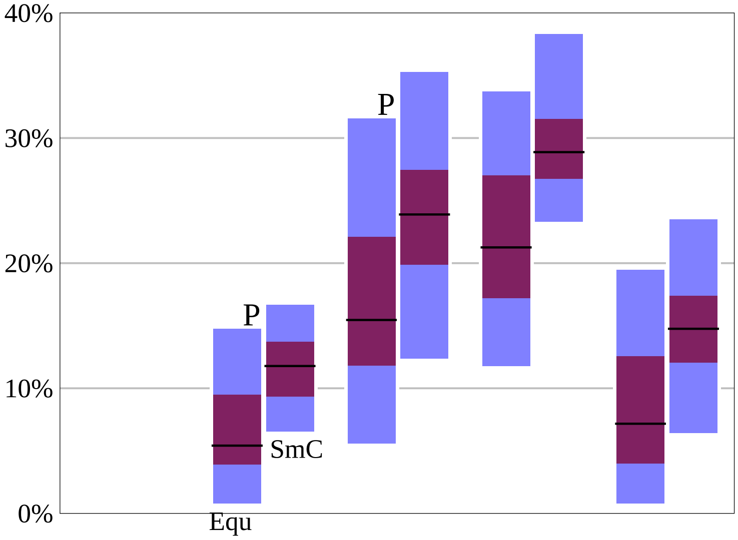
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Progress**



## Progress




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Progress (P) | 15.9 | 32.8 | - | - |
| *Rank v. Equity* | *2* | *4* | - | - |
| *Rank v. Small Cap* | *10* | *10* | - | - |
| Russell 2000 (R) | 13.9 | 25.9 | 29.5 | 12.6 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |
| Small Cap Median | 11.8 | 23.9 | 28.9 | 14.8 |

| **Portfolio Characteristics** | **Progress** | **Russell 2000** |
|---|---|---|
| Eq Mkt Value ($Mil) | 50.42 | N/A |
| Wtd. Avg. Cap ($Bil) | 1.98 | 1.31 |
| Beta | 1.26 | 1.23 |
| Yield (%) | 0.73 % | 1.02 % |
| P/E Ratio | 35.50 | 38.74 |
| Cash (%) | 0.0 % | 0.0 % |
| | | |
| Number of Holdings | 495 | 2,007 |
| Turnover Rate (%) | 0.7 | - |

| **Sector** | **Progress** | **Russell 2000** |
|---|---|---|
| Energy | 6.1 % | 6.4 % |
| Materials | 3.3 | 5.2 |
| Industrials | 15.3 | 15.6 |
| Cons. Discretionary | 16.9 | 13.9 |
| Consumer Staples | 3.5 | 2.7 |
| Health Care | 11.9 | 12.3 |
| Financials | 24.5 | 20.8 |
| Info Technology | 15.9 | 19.3 |
| Telecom Services | 1.6 | 1.6 |
| Utilities | 1.1 | 2.3 |

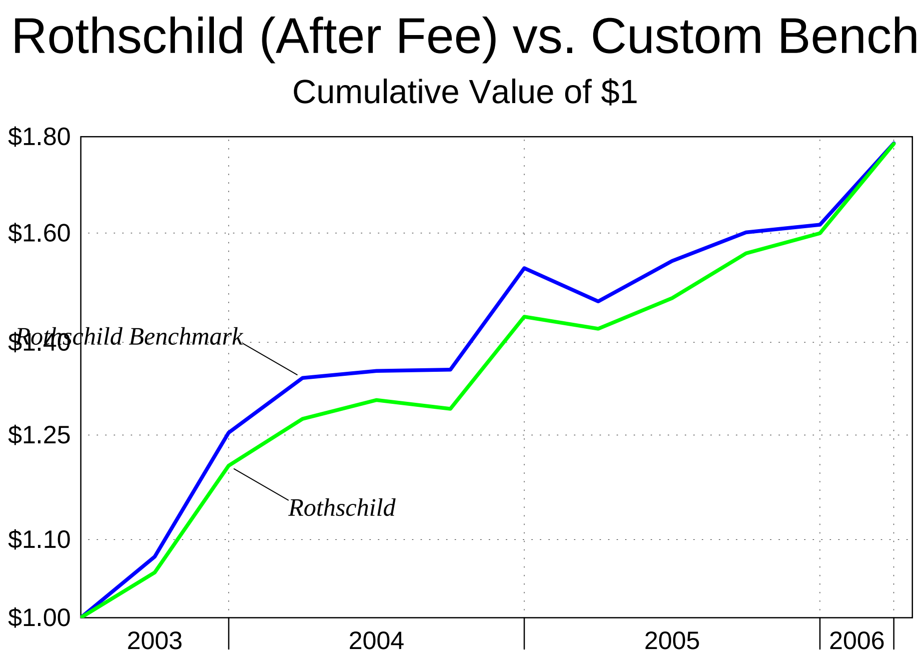
Progress, a manager of emerging managers that invest in small capitalization stocks, returned 15.9% for the first quarter, above the 13.9% return of the Russell 2000 index and the 11.8% return of the small cap median. Progress' first quarter performance ranked in the 10th percentile of small capitalization equity managers. Over the past year, Progress has returned 32.8%, above the 25.9% return of the Russell 2000 Index and ranking in the 10th percentile of small cap equity managers.

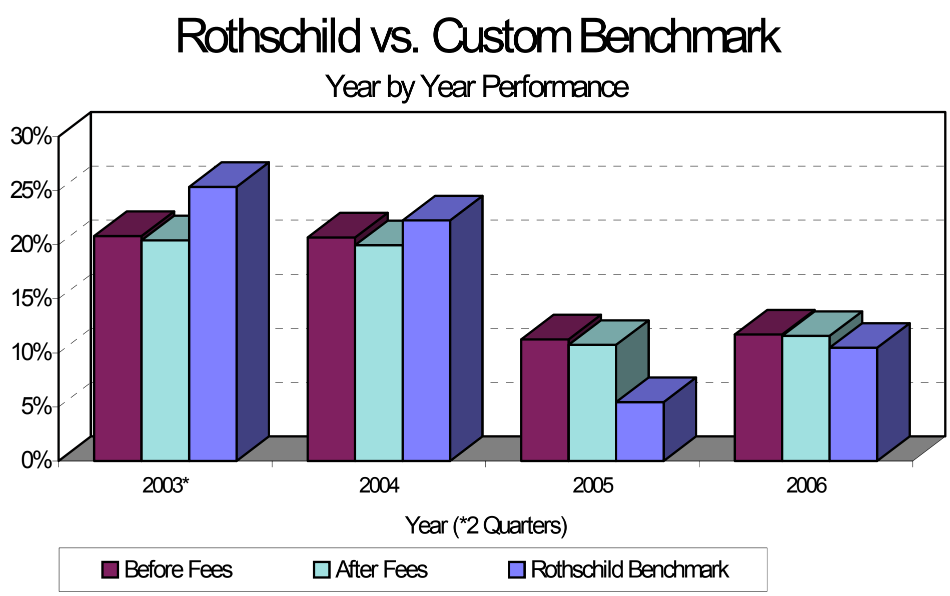
The portfolio had a beta of 1.26x compared to 1.23x for the Russell 2000 Index, a below-market yield and a below market P/E ratio. It included 495 stocks, concentrated in the small and mid capitalization sectors. Progress' largest economic sector over-weightings relative to the Russell 2000 were in the financials and consumer discretionary sectors, while the largest under-weightings were in the information technology and materials sectors.

Progress announced the appointment of a new CIO in February 2006. Alex Hsiao comes to Progress from The California Endowment in Los Angeles where he spent the past seven years, the last five as Treasurer and Chief Investment Officer. The portfolio's first quarter performance was helped relative to the Russell 2000 by stock selection while sector allocation decisions were detrimental to a lesser degree. Stock selection in the industrials and consumer discretionary sectors had the largest positive impacts on first quarter performance. Aggregate trading decisions had a large positive impact on performance. The largest holdings at the end of the quarter were Hansen Nat Corp (1.8%), Finisar (1.6%) and Hologic Inc (1.3%). During the quarter, the best performing holdings included Insteel Inds Inc (+243%), Finisar (+138%) and Avanex Corp (+138%). The worst performing holdings included Orthologic Corp (-55%), Sigmatel (-33%) and Viropharma Inc (-32%).

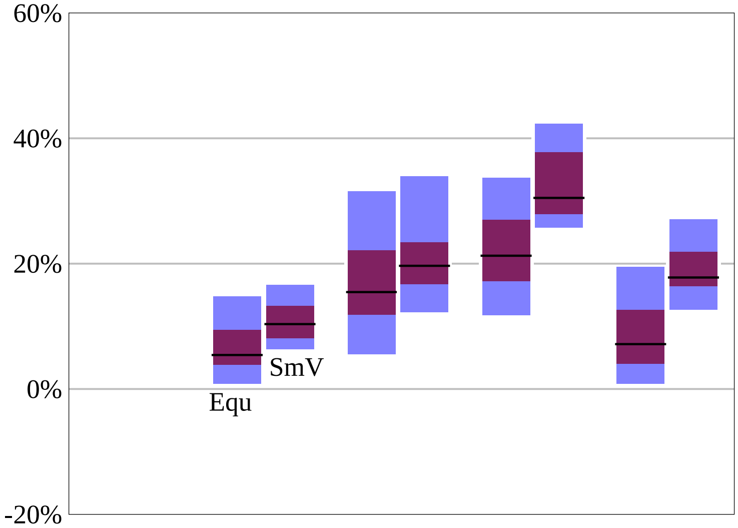
## MANAGER COMMENTS – DOMESTIC EQUITY

### Rothschild



## Rothschild




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Rothschild (R) | 11.7 | 25.9 | - | - |
| *Rank v. Equity* | *14* | *13* | - | - |
| *Rank v. Sm. Value* | *34* | *19* | - | - |
| Custom Bench (B) | 10.5 | 21.3 | 29.9 | 15.8 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |
| Sm. Value Median | 10.4 | 19.6 | 30.5 | 17.8 |

| **Portfolio Characteristics** | **Rothschild** | **Russell 2500** |
|---|---|---|
| Eq Mkt Value ($Mil) | 183.31 | N/A |
| Wtd. Avg. Cap ($Bil) | 2.55 | 2.67 |
| Beta | 1.06 | 1.18 |
| Yield (%) | 1.36 % | 1.17 % |
| P/E Ratio | 24.23 | 31.38 |
| Cash (%) | 0.8 % | 0.0 % |
| Number of Holdings | 149 | 2,485 |
| Turnover Rate (%) | 83.7 | - |

| **Sector** | **Rothschild** | **Russell 2500** |
|---|---|---|
| Energy | 6.6 % | 6.2 % |
| Materials | 6.8 | 6.2 |
| Industrials | 14.5 | 13.6 |
| Cons. Discretionary | 8.9 | 14.4 |
| Consumer Staples | 1.7 | 2.5 |
| Health Care | 7.6 | 11.3 |
| Financials | 32.4 | 21.5 |
| Info Technology | 14.5 | 17.4 |
| Telecom Services | 0.5 | 2.1 |
| Utilities | 6.5 | 4.8 |

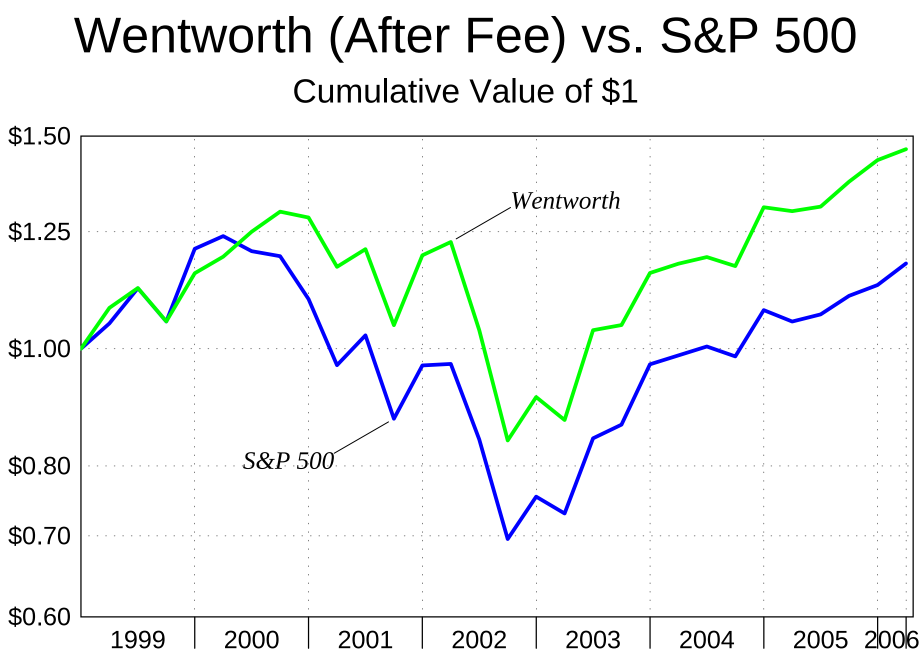
Rothschild's return of 11.7% for the first quarter was above the 10.5% return of the custom benchmark (Russell 2000 Value index through 2nd quarter, 2005, Russell 2500 Value thereafter) and above the 10.4% return of the small cap value median, ranking in the 34th percentile in the universe of small value equity managers. For the one-year period, Rothschild returned 25.9%, exceeding the custom benchmark return of 21.3% and the 19.6% return of the median small value equity manager. Rothschild's one-year performance ranks in the 19th percentile in the universe of small cap value equity managers.

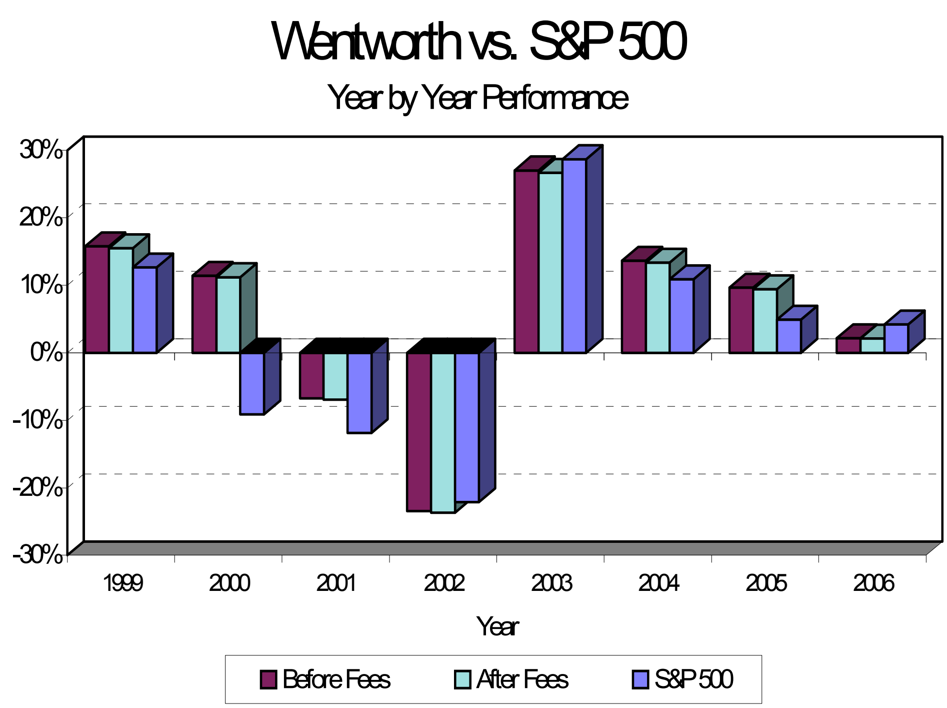
The portfolio (compared to the Russell 2500 Index) had a beta of 1.06x versus 1.18x for the Index, an above-market yield and a below market P/E ratio. It included 149 stocks, concentrated in the small capitalization sectors. Rothschild's largest economic sector over-weightings relative to the Russell 2500 were in the financials, utilities and industrials sectors, while the largest under-weightings were in the consumer discretionary and health care sectors. First quarter portfolio turnover was at an annual rate of 83.7%, up from last quarter's rate of 82.2%.

Rothschild's first quarter performance relative to the Russell 2500 Value index was helped by both stock selection and sector allocation decisions. Trading decisions had a nominal impact on performance. Stock selection in the financials sector helped performance the most during the first quarter. The best performing portfolio stocks were Manitowoc Inc (+82%), Brightpoint (+68%) and Century Alum Co (+62%). The worst performing holdings included Intergraph Corp (-16%), Greatbatch Inc (-16%) and Encore Cap Group Inc (-15%).

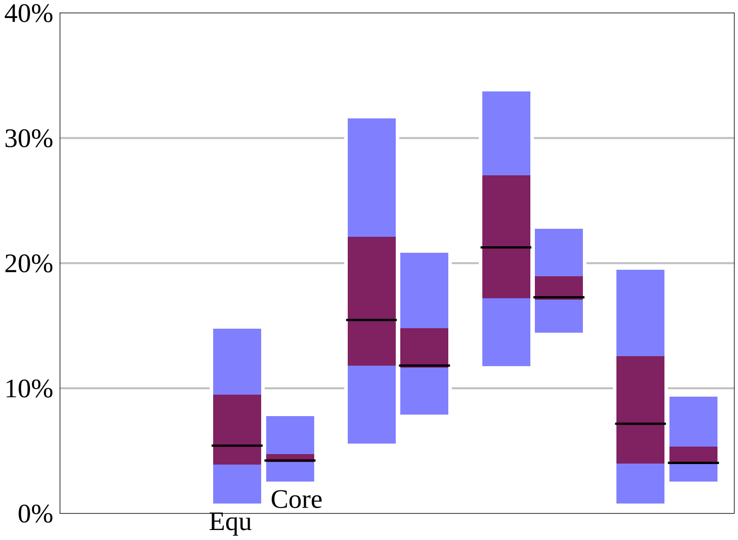
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Wentworth, Hauser and Violich**



## Wentworth, Hauser and Violich




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Wentworth (W) | 2.2 | 12.8 | 19.1 | 4.9 |
| *Rank v. Equity* | *89* | *67* | *61* | *65* |
| *Rank v. Lg Core* | *97* | *40* | *24* | *28* |
| S&P 500 (S) | 4.2 | 11.7 | 17.2 | 4.0 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |
| Lg Core Median | 4.2 | 11.8 | 17.3 | 4.0 |

| **Portfolio Characteristics** | **Wentworth** | **S&P 500** |
|---|---|---|
| Eq Mkt Value ($Mil) | 256.03 | N/A |
| Wtd. Avg. Cap ($Bil) | 73.31 | 90.07 |
| Beta | 1.06 | 1.00 |
| Yield (%) | 1.44 | 1.86 |
| P/E Ratio | 17.21 | 18.21 |
| Cash (%) | 0.1 | 0.0 |
| | | |
| Number of Holdings | 40 | 500 |
| Turnover Rate (%) | 29.4 | - |

| **Sector** | **Wentworth** | **S&P 500** |
|---|---|---|
| Energy | 13.7 % | 9.3 % |
| Materials | 0.0 | 3.0 |
| Industrials | 14.0 | 11.6 |
| Cons. Discretionary | 14.0 | 10.5 |
| Consumer Staples | 11.6 | 9.5 |
| Health Care | 17.2 | 13.3 |
| Financials | 17.8 | 21.2 |
| Info Technology | 9.5 | 15.1 |
| Telecom Services | 0.0 | 3.0 |
| Utilities | 2.1 | 3.4 |

Wentworth's return of 2.2% for the first quarter was below the 4.2% return of the S&P 500 and the 5.4% return of the median equity manager. For the one-year period, Wentworth returned 12.8%, exceeding the 11.7% return of the S&P 500 but trailing the 15.5% return of the median manager. Wentworth has exceeded the S&P 500 on a risk-adjusted basis over the past three and five years (page 36) on both an absolute and risk-adjusted basis over the past five years. It has not met the objectives of exceeding the median equity manager over the three and five year periods, but it has exceeded the median large core manager over both periods.

The portfolio has an above-market beta of 1.06x, a below-market yield and an below-market P/E ratio. The portfolio has 40 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weightings are in the energy, health care and consumer discretionary sectors, while largest under-weightings are in the information technology, financial and telecom services sectors. First quarter portfolio turnover was at an annual rate of 29.4%.

Wentworth's first quarter performance relative to the S&P 500 was hurt by both stock selection and sector allocation decisions. Stock selection in the information technology sector was particularly weak. The best performing portfolio stocks included Weatherford International (+26%), Caterpillar Inc (+25%) and Parker Hannifin Corp (+23%) while the worst performing holdings included Intel Corp (-22%), Carnival Corp (-11%) and Unitedhealth Group (-10%). At the end of the quarter, the three largest holdings were Costco Wholesale, Caterpillar Inc and Teva Pharmaceutical.

**Domestic Equity Regression Analysis**

***Three Year Regression for Periods Ending March 31, 2006***

*T-Bills and S&P 500 used for Regression Calculations*

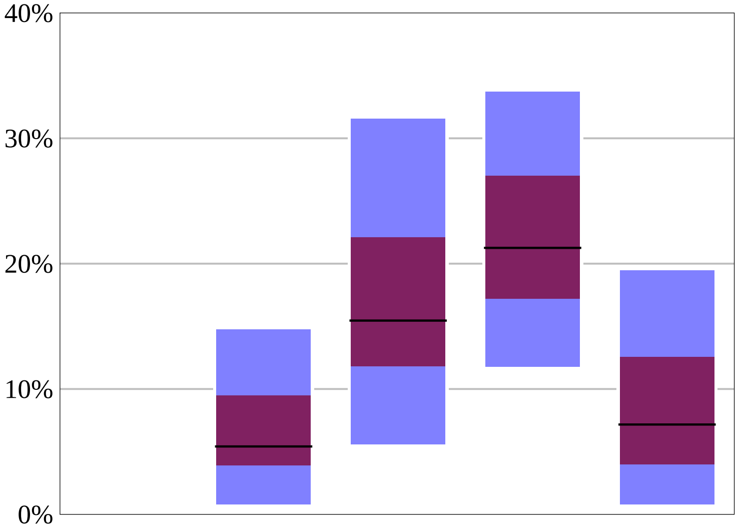
| **Portfolio Component** | **Return** | **Standard Deviation** | **Alpha** | **Beta** | **$R^2$** | **Sharpe** |
|---|---|---|---|---|---|---|
| T-Bill | 2.02 | 0.55 | | | | |
| S&P 500 | 17.20 | 10.18 | | | | 1.49 |
| | | | | | | |
| Boston Partners | 22.15 | 9.43 | 5.92 | 0.88 | 0.91 | 2.13 |
| ING | 16.71 | 9.24 | 0.83 | 0.91 | 1.00 | 1.59 |
| INTECH | 20.33 | 8.77 | 4.60 | 0.87 | 0.99 | 2.09 |
| PIMCO | 17.33 | 10.53 | -0.33 | 1.03 | 1.00 | 1.45 |
| Wentworth | 19.05 | 11.39 | 0.68 | 1.06 | 0.92 | 1.50 |
| Total Equity | 20.72 | 10.49 | 2.78 | 1.02 | 0.99 | 1.78 |
| | | | | | | |
| Russell 1000 Value | 21.76 | 10.62 | 3.75 | 1.01 | 0.94 | 1.86 |
| Russell 1000 Growth | 14.81 | 10.79 | -2.26 | 1.02 | 0.93 | 1.19 |
| Russell 2000 | 29.53 | 15.99 | 4.76 | 1.39 | 0.83 | 1.72 |

***Five Year Regression for Periods Ending March 31, 2006***

*T-Bills and S&P 500 used for Regression Calculations*

| **Portfolio Component** | **Return** | **Standard Deviation** | **Alpha** | **Beta** | **$R^2$** | **Sharpe** |
|---|---|---|---|---|---|---|
| T-Bill | 2.19 | 0.58 | | | | |
| S&P 500 | 3.95 | 18.80 | | | | 0.09 |
| | | | | | | |
| Boston Partners | 8.83 | 17.39 | 4.85 | 0.91 | 0.96 | 0.38 |
| Wentworth | 4.85 | 20.62 | 0.74 | 1.07 | 0.97 | 0.13 |
| Total Equity | 4.65 | 21.37 | 0.48 | 1.11 | 0.98 | 0.12 |
| | | | | | | |
| Russell 1000 Value | 7.78 | 17.96 | 3.81 | 0.93 | 0.94 | 0.31 |
| Russell 1000 Growth | 1.66 | 21.73 | -2.38 | 1.11 | 0.94 | -0.02 |
| Russell 2000 | 12.59 | 26.71 | 7.76 | 1.30 | 0.90 | 0.39 |

## Total Domestic Equity




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Total Equity (B) | 6.1 | 17.9 | 20.7 | 4.7 |
| *Rank* | *43* | *41* | *52* | *67* |
| S&P 500 (S) | 4.2 | 11.7 | 17.2 | 4.0 |
| Equity Median | 5.4 | 15.5 | 21.3 | 7.2 |

| **Portfolio Characteristics** | **Total Fund** | **S&P 500** |
|---|---|---|
| Eq Mkt Value ($Mil) | 2,024.00 | N/A |
| Wtd. Avg. Cap ($Bil) | 59.76 | 90.07 |
| Beta | 1.05 | 1.00 |
| Yield (%) | 1.35 % | 1.86 % |
| P/E Ratio | 23.57 | 18.21 |
| Cash (%) | 5.3 % | 0.0 % |
| | | |
| Number of Holdings | 1,197 | 500 |
| Turnover Rate (%) | 176.0 | - |

| **Sector** | **Total Fund** | **S&P 500** |
|---|---|---|
| Energy | 9.0 % | 9.3 % |
| Materials | 3.1 | 3.0 |
| Industrials | 12.0 | 11.6 |
| Cons. Discretionary | 12.3 | 10.5 |
| Consumer Staples | 7.2 | 9.5 |
| Health Care | 13.9 | 13.3 |
| Financials | 20.3 | 21.2 |
| Info Technology | 17.5 | 15.1 |
| Telecom Services | 2.3 | 3.0 |
| Utilities | 2.5 | 3.4 |

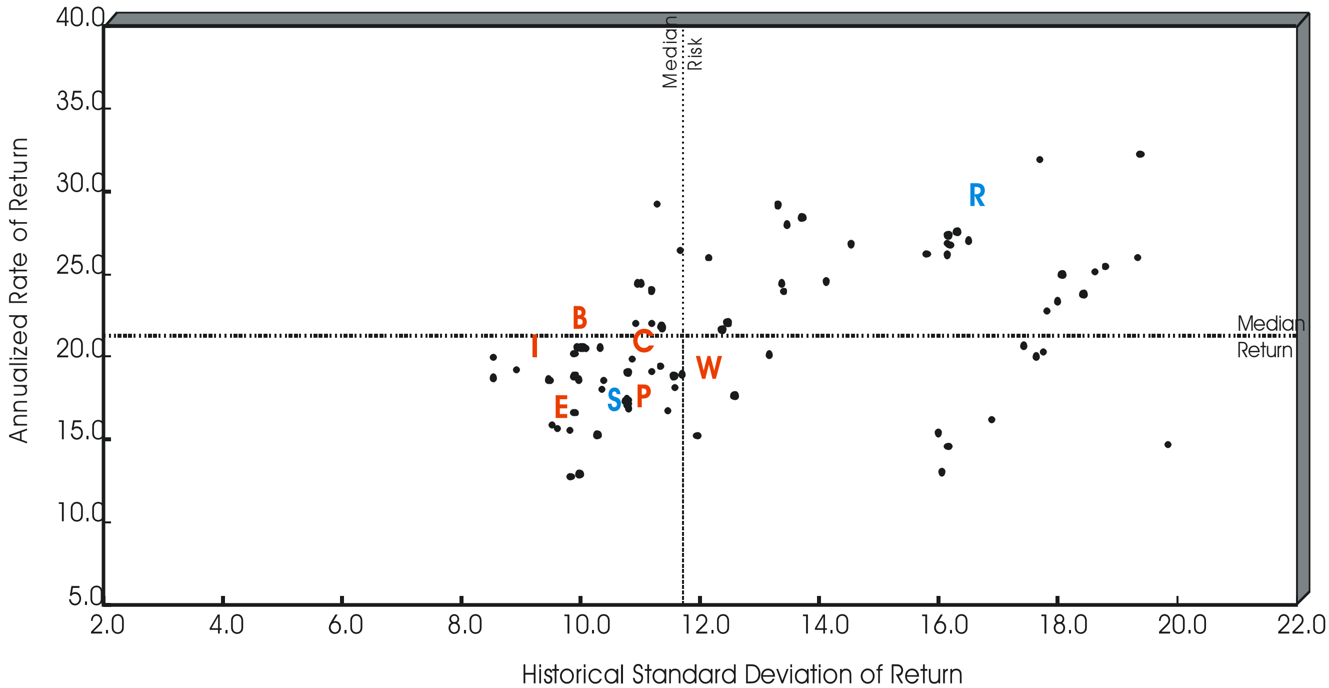
CCCERA total domestic equities returned 6.1% in the first quarter, above the 4.2% return of the S&P 500 and the 5.4% return of the median equity manager. For the one-year period, the CCCERA equity return of 17.9% was above 11.7% for the S&P 500 and 15.5% return of the median manager. For the three and five-year periods, CCCERA domestic equities have exceeded the S&P 500 on an absolute and risk-adjusted basis (page 36).

The combined domestic equity portfolio has a fundamental beta of 1.05x, a below-market yield and an above-market P/E ratio. The portfolio is broadly diversified with 1,197 stocks, and resembles the broad market with an $R^2$ of 0.93 to the S&P 500. The combined portfolio's largest economic sector over-weightings are in the information technology and consumer discretionary sectors, while the largest under-weightings are in the consumer staples and financials sectors.

## MANAGER COMMENTS – DOMESTIC EQUITY

### Domestic Equity Performance and Variability

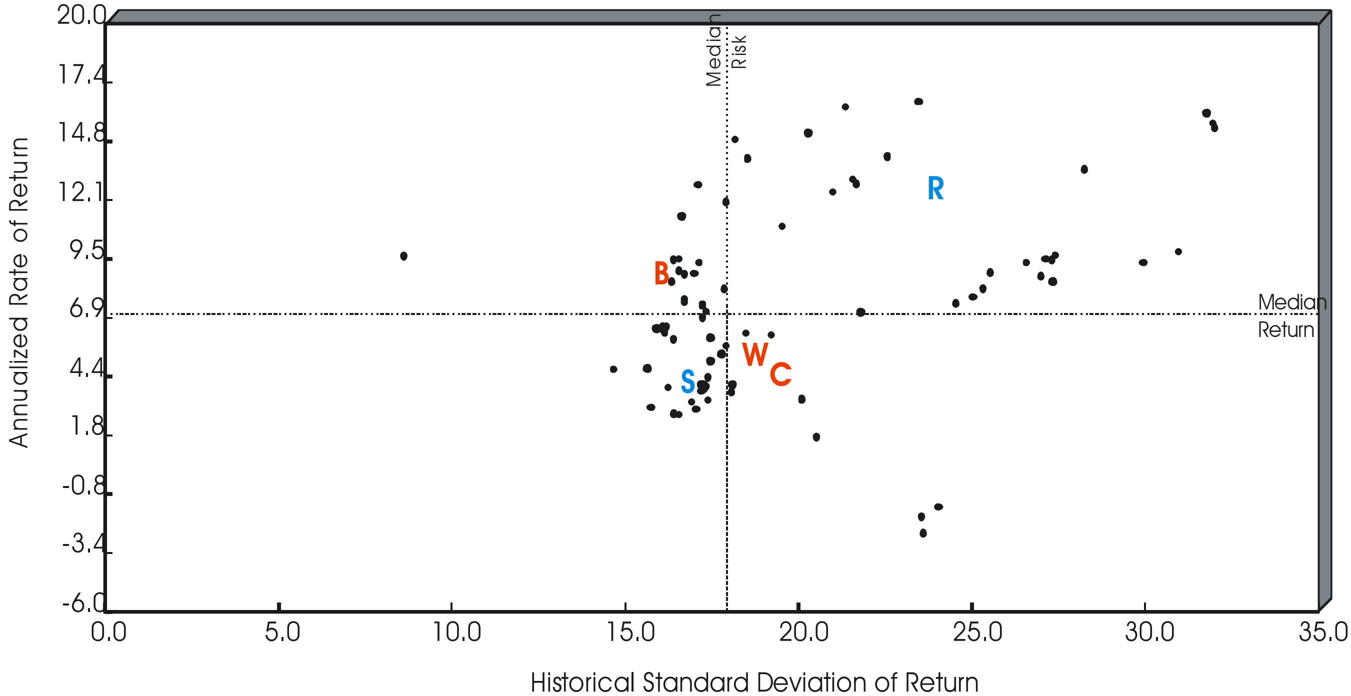
*Three Years Ending March 31, 2006*




| | | Annualized Return | | Standard Deviation | |
|---|---|---|---|---|---|
| | | Value | Rank | Value | Rank |
| B | Boston Partners | 22.15 | 44 | 10.09 | 17 |
| E | ING Investment Mgmt | 16.71 | 81 | 9.77 | 13 |
| I | Intech | 20.33 | 54 | 9.38 | 10 |
| P | PIMCO | 17.33 | 71 | 11.16 | 41 |
| W | Wentworth, Hauser & Violich | 19.06 | 61 | 12.16 | 57 |
| C | Domestic Equity | 20.72 | 52 | 11.10 | 40 |
| S | Standard & Poors 500 | 17.21 | 75 | 10.78 | 30 |
| R | Russell 2000 | 29.53 | 13 | 16.72 | 87 |
| | Median | 21.27 | | 11.71 | |

**Domestic Equity Performance and Variability**

***Five Years Ending March 31, 2006***




| | | Annualized Return | | Standard Deviation | |
|---|---|---|---|---|---|
| | | Value | Rank | Value | Rank |
| B | Boston Partners | 8.83 | 39 | 16.22 | 19 |
| W | Wentworth, Hauser & Violich | 4.85 | 65 | 18.91 | 61 |
| C | Domestic Equity | 4.65 | 67 | 19.13 | 63 |
| S | Standard & Poors 500 | 3.96 | 78 | 17.27 | 41 |
| R | Russell 2000 | 12.59 | 24 | 24.10 | 86 |
| | Median | 7.16 | | 17.92 | |

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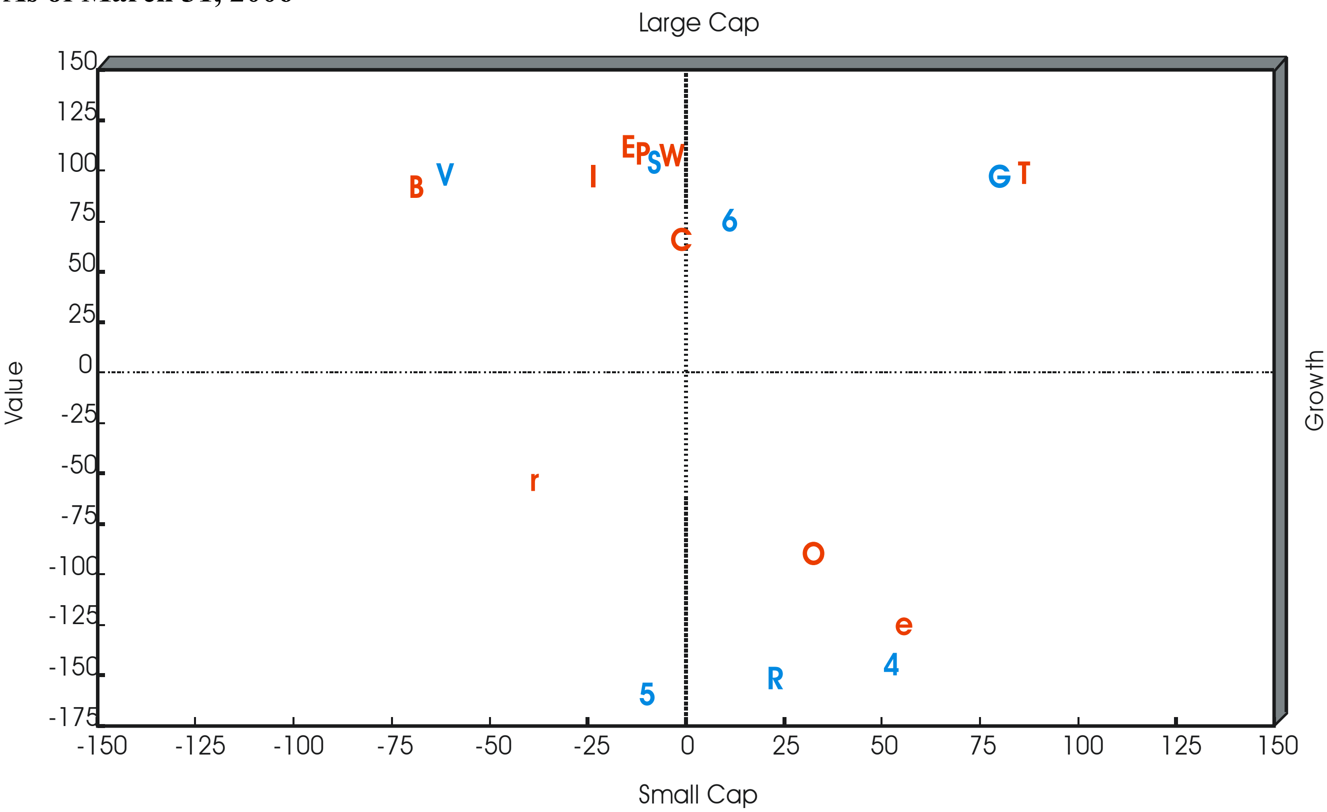
**MANAGER COMMENTS - DOMESTIC EQUITY**

**Domestic Equity Style Map**

**As of March 31, 2006**




| | Growth-Value | Size |
|---|---|---|
| B Boston Partners | -67.10 | 90.28 |
| T Delaware | 88.17 | 96.93 |
| e Emerald Advisors | 56.67 | -126.64 |
| E ING Investment Mgmt | -8.85 | 107.29 |
| I Intech | -21.09 | 95.20 |
| P PIMCO | -8.46 | 106.25 |
| O Progress Investment Mgmt Co | 33.23 | -91.80 |
| r Rothschild Asset Management | -36.41 | -55.43 |
| W Wentworth, Hauser & Violich | -6.93 | 105.87 |
| C Domestic Equity | -0.52 | 63.90 |
| S Standard & Poors 500 | -8.28 | 105.87 |
| G Russell 1000 Growth | 80.38 | 95.38 |
| V Russell 1000 Value | -60.31 | 96.33 |
| R Russell 2000 | 23.88 | -153.67 |
| 4 Russell 2000 Growth | 53.41 | -146.79 |
| 5 Russell 2000 Value | -8.80 | -161.30 |
| 6 Russell 3000 | 12.38 | 73.57 |

## PORTFOLIO PROFILE REPORT

| | PIMCO/ S&P 500 Cap Wtd 3/31/2006 | Russell 3000 3/31/2006 | Russell 2500 3/31/2006 | Russell 2000 3/31/2006 | ING 3/31/2006 | Delaware 3/31/2006 | Boston 3/31/2006 |
|---|---|---|---|---|---|---|---|
| Equity Market Value | 331,377,494 | | | | 253,633,176 | 252,001,228 | 253,380,852 |
| Beta | 1.00 | 1.02 | 1.18 | 1.23 | 0.99 | 1.04 | 1.04 |
| Yield | 1.86 | 1.72 | 1.17 | 1.02 | 1.73 | 0.66 | 1.68 |
| P/E Ratio | 18.21 | 19.72 | 31.38 | 38.74 | 17.44 | 32.47 | 15.50 |
| Standard Error | 1.16 | 1.26 | 4.38 | 5.56 | 1.03 | 3.86 | 2.21 |
| $R^2$ | 0.98 | 0.97 | 0.77 | 0.70 | 0.98 | 0.77 | 0.92 |
| Wtd Cap Size ($Mil) | 90,070.57 | 73,285.24 | 2,665.94 | 1,307.49 | 92,439.8 | 54,205.8 | 69,310.11 |
| Avg Cap Size ($Mil) | 11,390.07 | 1,127.52 | 860.20 | 658.71 | 13,424.9 | 17,933.5 | 16,054.99 |
| Number of Holdings | 500 | 2,974 | 2,485 | 2,007 | 422 | 29 | 85 |
| **Economic Sectors** | | | | | | | |
| Energy | 9.30 | 8.55 | 6.17 | 6.43 | 10.52 | 0.00 | 14.69 |
| Materials | 2.99 | 3.40 | 6.20 | 5.19 | 2.92 | 3.39 | 4.44 |
| Industrials | 11.62 | 11.36 | 13.58 | 15.56 | 11.46 | 7.90 | 8.13 |
| Consumer Discretionary | 10.53 | 11.56 | 14.40 | 13.90 | 10.89 | 18.05 | 14.22 |
| Consumer Staples | 9.54 | 8.00 | 2.47 | 2.67 | 9.71 | 9.77 | 1.29 |
| Health Care | 13.33 | 12.93 | 11.32 | 12.25 | 12.42 | 15.23 | 7.97 |
| Financials | 21.23 | 21.64 | 21.51 | 20.84 | 19.24 | 10.76 | 33.35 |
| Information Technology | 15.09 | 16.08 | 17.43 | 19.25 | 17.07 | 31.72 | 12.08 |
| Telecom. Services | 3.01 | 3.07 | 2.10 | 1.61 | 2.93 | 3.18 | 3.40 |
| Utilities | 3.36 | 3.40 | 4.83 | 2.29 | 2.84 | 0.00 | 0.44 |

## PORTFOLIO PROFILE REPORT

| | Emerald 3/31/2006 | Intech 3/31/2006 | Progress 3/31/2006 | Rothschild 3/31/2006 | Wentworth 3/31/2006 | Combined Equity 3/31/2006 |
|---|---|---|---|---|---|---|
| Equity Market Value | 189,968,283 | 253,880,202 | 50,423,420 | 183,308,471 | 256,028,596 | 2,024,001,722 |
| | | | | | | |
| Beta | 1.40 | 0.91 | 1.26 | 1.06 | 1.06 | 1.05 |
| Yield | 0.12 | 1.60 | 0.73 | 1.36 | 1.44 | 1.35 |
| P/E Ratio | 51.25 | 18.74 | 35.50 | 24.23 | 17.21 | 23.57 |
| | | | | | | |
| Standard Error | 7.50 | 1.33 | 6.22 | 4.93 | 1.87 | 2.11 |
| $R^2$ | 0.6 | 0.96 | 0.65 | 0.66 | 0.94 | 0.93 |
| | | | | | | |
| Wtd Cap Size ($Mil) | 1,563.55 | 66,207.73 | 1,984.64 | 2,549.81 | 73,305.36 | 59,761.08 |
| Avg Cap Size ($Mil) | 846.50 | 13,911.68 | 1,420.51 | 1,819.07 | 47,116.29 | 15,774.50 |
| | | | | | | |
| Number of Holdings | 126 | 397 | 495 | 149 | 40 | 1,197 |
| | | | | | | |
| **Economic Sectors** | | | | | | |
| Energy | 5.75 | 10.33 | 6.06 | 6.62 | 13.66 | 8.99 |
| Materials | 4.75 | 1.23 | 3.33 | 6.82 | 0.00 | 3.13 |
| Industrials | 21.82 | 8.93 | 15.29 | 14.54 | 13.98 | 11.97 |
| Consumer Discretionary | 9.41 | 10.50 | 16.93 | 8.88 | 14.03 | 12.32 |
| Consumer Staples | 1.57 | 9.19 | 3.53 | 1.65 | 11.62 | 7.16 |
| Health Care | 19.38 | 18.27 | 11.86 | 7.62 | 17.23 | 13.91 |
| Financials | 4.79 | 21.25 | 24.48 | 32.39 | 17.83 | 20.32 |
| Information Technology | 31.39 | 12.26 | 15.88 | 14.51 | 9.50 | 17.47 |
| Telecom. Services | 1.13 | 3.05 | 1.59 | 0.52 | 0.00 | 2.26 |
| Utilities | 0.00 | 4.99 | 1.06 | 6.45 | 2.14 | 2.47 |

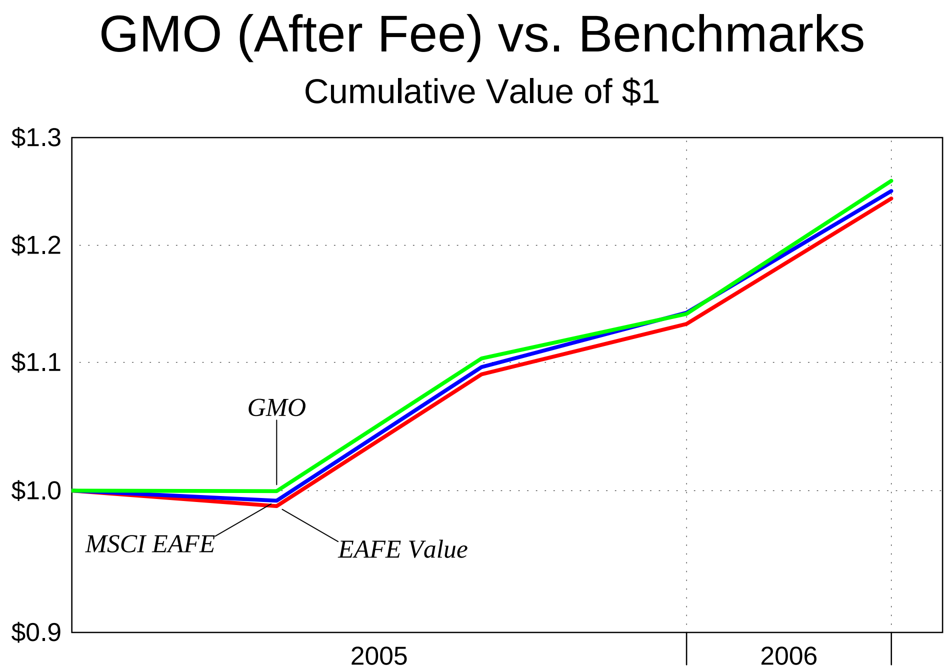
# PORTFOLIO PROFILE REPORT

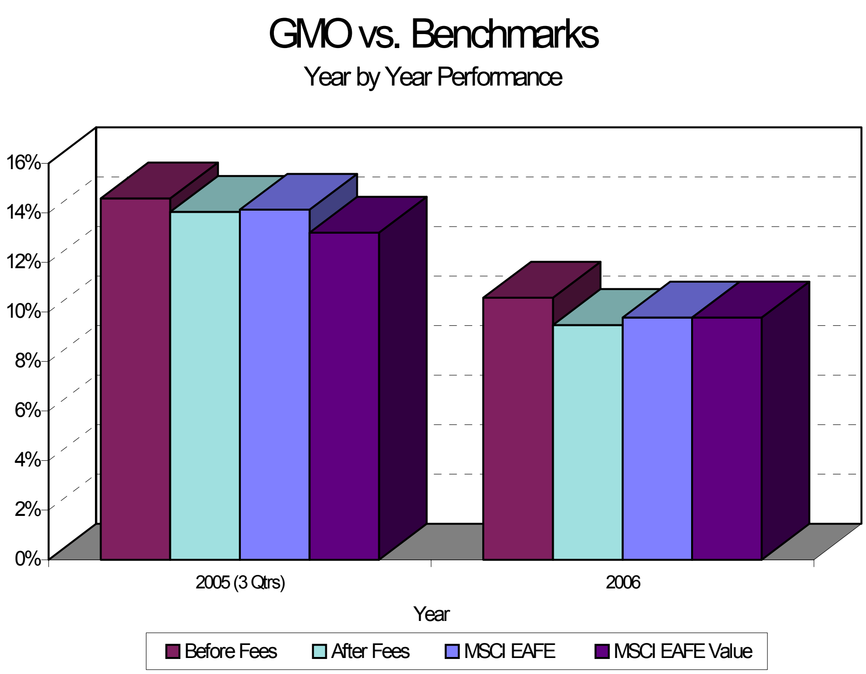
| | S&P 500 Cap Wtd 3/31/2006 | Russell 3000 3/31/2006 | Russell 2500 3/31/2006 | Russell 2000 3/31/2006 | ING 3/31/2006 | Delaware 3/31/2006 | Boston 3/31/2006 |
|---|---|---|---|---|---|---|---|
| **Beta Sectors** | | | | | | | |
| 1 0.0 - 0.9 | 48.84 | 48.84 | 43.35 | 40.83 | 47.66 | 47.25 | 41.47 |
| 2 0.9 - 1.1 | 13.03 | 12.47 | 11.14 | 10.42 | 11.25 | 16.25 | 14.49 |
| 3 1.1 - 1.3 | 13.68 | 12.64 | 10.24 | 9.61 | 16.56 | 11.91 | 14.29 |
| 4 1.3 - 1.5 | 5.42 | 6.04 | 7.70 | 8.90 | 5.04 | 3.27 | 9.82 |
| 5 Above 1.5 | 19.03 | 20.01 | 27.57 | 30.24 | 19.48 | 21.32 | 19.94 |
| **Yield Sectors** | | | | | | | |
| 1 Above 5.0 | 0.63 | 1.40 | 4.52 | 4.91 | 0.53 | 0.00 | 0.00 |
| 3 3.0 - 5.0 | 21.37 | 19.35 | 8.86 | 6.18 | 17.10 | 0.00 | 18.37 |
| 3 1.5 - 3.0 | 29.83 | 26.04 | 12.83 | 11.34 | 32.49 | 14.19 | 31.05 |
| 4 0.0 - 1.5 | 34.26 | 32.38 | 26.79 | 20.77 | 37.36 | 53.99 | 36.93 |
| 5 0.0 | 13.91 | 20.83 | 47.00 | 56.80 | 12.53 | 31.82 | 13.65 |
| **P/E Sectors** | | | | | | | |
| 1 0.0 - 12.0 | 13.76 | 12.56 | 7.96 | 6.66 | 15.59 | 0.00 | 22.28 |
| 2 12.0 -20.0 | 38.93 | 36.01 | 24.65 | 23.43 | 37.97 | 5.23 | 53.83 |
| 3 20.0 -30.0 | 32.01 | 30.98 | 25.99 | 23.14 | 34.43 | 54.75 | 14.53 |
| 4 30.0 - 150.0 | 13.20 | 15.48 | 25.78 | 25.76 | 10.94 | 37.50 | 2.70 |
| 5 N/A | 2.10 | 4.96 | 15.61 | 21.02 | 1.07 | 2.52 | 6.67 |
| **Capitalization Sectors** | | | | | | | |
| 1 Above 20.0 ($Bil) | 73.08 | 58.47 | 0.00 | 0.00 | 75.53 | 48.10 | 57.80 |
| 2 10.0 - 20.0 | 17.44 | 14.37 | 0.45 | 0.00 | 16.28 | 34.19 | 15.78 |
| 3 5.0 - 10.0 | 7.17 | 8.92 | 10.15 | 0.39 | 6.27 | 12.27 | 13.46 |
| 4 1.0 - 5.0 | 2.30 | 14.48 | 70.04 | 59.77 | 1.92 | 5.44 | 12.95 |
| 5 0.5 - 1.0 | 0.01 | 2.41 | 12.36 | 25.43 | 0.00 | 0.00 | 0.00 |
| 6 0.1 - 0.5 | 0.00 | 1.36 | 6.97 | 14.36 | 0.01 | 0.00 | 0.02 |
| 7 0.0 - 0.1 | 0.00 | 0.00 | 0.02 | 0.05 | 0.00 | 0.00 | 0.00 |
| **5 Yr Earnings Growth** | | | | | | | |
| 1 N/A | 17.40 | 23.43 | 39.65 | 44.90 | 15.21 | 10.16 | 23.55 |
| 2 0.0 -10.0 | 35.68 | 33.08 | 26.22 | 24.51 | 33.40 | 13.88 | 33.30 |
| 3 10.0 -20.0 | 32.21 | 28.72 | 19.82 | 17.94 | 33.86 | 61.45 | 25.61 |
| 5 Above 20.0 | 14.71 | 14.78 | 14.31 | 12.65 | 17.53 | 14.51 | 17.53 |

## PORTFOLIO PROFILE REPORT

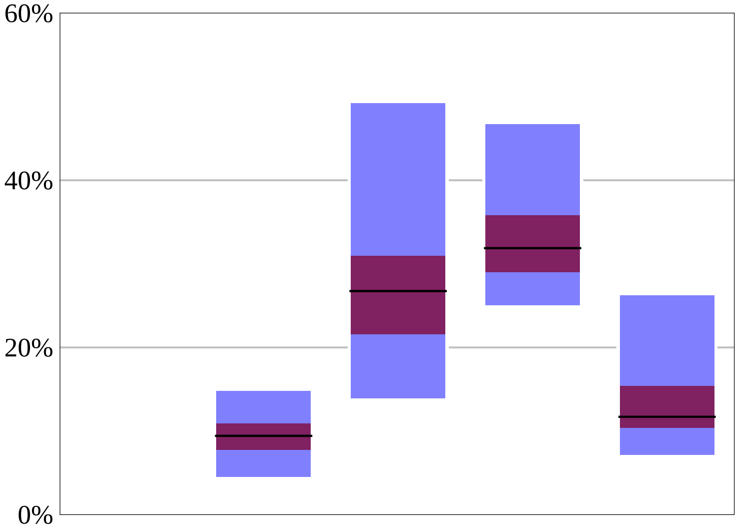
| | Emerald 3/31/2006 | Intech 3/31/2006 | Progress 3/31/2006 | Rothschild 3/31/2006 | Wentworth 3/31/2006 | Combined Equity 3/31/2006 |
|---|---|---|---|---|---|---|
| **Beta Sectors** | | | | | | |
| 1 0.0 - 0.9 | 26.23 | 57.23 | 39.48 | 47.34 | 42.56 | 45.34 |
| 2 0.9 - 1.1 | 7.03 | 11.92 | 7.57 | 9.63 | 13.25 | 12.27 |
| 3 1.1 - 1.3 | 14.75 | 12.31 | 12.51 | 14.73 | 14.68 | 14.02 |
| 4 1.3 - 1.5 | 17.70 | 5.64 | 10.72 | 8.56 | 8.69 | 7.67 |
| 5 Above 1.5 | 34.30 | 12.90 | 29.72 | 19.73 | 20.82 | 20.71 |
| **Yield Sectors** | | | | | | |
| 1 Above 5.0 | 0.00 | 0.82 | 1.92 | 3.08 | 0.00 | 0.60 |
| 3 3.0 - 5.0 | 0.00 | 15.95 | 6.50 | 12.43 | 7.51 | 12.18 |
| 3 1.5 - 3.0 | 0.28 | 27.07 | 10.07 | 16.23 | 24.24 | 22.82 |
| 4 0.0 - 1.5 | 17.44 | 40.75 | 20.17 | 33.48 | 58.81 | 39.36 |
| 5 0.0 | 82.28 | 15.41 | 61.34 | 34.77 | 9.44 | 25.05 |
| **P/E Sectors** | | | | | | |
| 1 0.0 - 12.0 | 1.16 | 11.27 | 3.05 | 6.18 | 11.37 | 10.59 |
| 2 12.0 -20.0 | 11.50 | 36.49 | 23.43 | 33.13 | 49.47 | 34.02 |
| 3 20.0 -30.0 | 25.54 | 33.02 | 20.96 | 28.70 | 33.26 | 32.06 |
| 4 30.0 - 150.0 | 38.84 | 18.01 | 37.81 | 22.71 | 5.90 | 18.19 |
| 5 N/A | 22.96 | 1.20 | 14.74 | 9.28 | 0.00 | 5.14 |
| **Capitalization Sectors** | | | | | | |
| 1 Above 20.0 ($Bil) | 0.00 | 55.01 | 0.47 | 0.00 | 72.69 | 50.76 |
| 2 10.0 - 20.0 | 0.00 | 25.90 | 0.20 | 0.00 | 16.76 | 16.50 |
| 3 5.0 - 10.0 | 3.32 | 14.98 | 2.76 | 6.33 | 10.55 | 9.34 |
| 4 1.0 - 5.0 | 56.04 | 4.10 | 71.17 | 81.11 | 0.00 | 17.81 |
| 5 0.5 - 1.0 | 24.69 | 0.00 | 14.29 | 9.11 | 0.00 | 3.50 |
| 6 0.1 - 0.5 | 15.41 | 0.01 | 10.50 | 3.45 | 0.00 | 2.03 |
| 7 0.0 - 0.1 | 0.54 | 0.00 | 0.60 | 0.00 | 0.00 | 0.07 |
| **5 Yr Earnings Growth** | | | | | | |
| 1 N/A | 25.74 | 19.23 | 28.33 | 32.36 | 4.23 | 17.97 |
| 2 0.0 -10.0 | 39.89 | 32.97 | 29.84 | 38.16 | 34.84 | 32.41 |
| 3 10.0 -20.0 | 24.82 | 30.18 | 25.65 | 15.22 | 42.85 | 33.93 |
| 5 Above 20.0 | 9.55 | 17.62 | 16.18 | 14.26 | 18.07 | 15.69 |

**Grantham, Mayo, van Otterloo & Co**



## Grantham, Mayo, van Otterloo & Co




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| GMO (G) | 10.6 | 26.7 | - | - |
| *Rank* | *29* | 50 | - | - |
| EAFE (E) | 9.5 | 24.9 | 31.7 | 10.0 |
| EAFE Value (V) | 9.8 | 24.3 | 35.1 | 11.7 |
| Int'l Median | 9.4 | 26.8 | 31.9 | 11.7 |

| Portfolio Characteristics | GMO | MSCI EAFE |
|---|---|---|
| IEq Mkt Value ($Mil) | 271.5 | N/A |
| Cash | 0.0 % | 0.0 % |

| Over-Weighted Countries | GMO | MSCI EAFE |
|---|---|---|
| Japan | 29.8 % | 25.5 % |
| Netherlands | 7.9 | 3.8 |
| Germany | 10.5 | 7.0 |

| Under-Weighted Countries | GMO | MSCI EAFE |
|---|---|---|
| Switzerland | 2.7 % | 6.7 % |
| United Kingdom | 20.0 | 23.6 |
| Australia | 1.9 | 5.0 |

The GMO value international portfolio returned 10.6% in the first quarter, above the 9.5% return of the MSCI EAFE Index, the 9.8% return of the EAFE Value Index and the 9.4% return of the median international equity manager. Over the past year, the portfolio has returned 26.7%, above the EAFE and EAFE Value Indices, and ranking in the 50th percentile.

The portfolio's largest country over-weightings were the Japan, Netherlands and Germany, while the largest under-weightings were in Switzerland, the United Kingdom and Australia.

Stock selection was primarily responsible for the out-performance. Sector exposures helped somewhat as the positive impact from underweighting Telecom outweighed the negative impact from overweighting Healthcare. Country allocation helped slightly as many small positions paid off. Currencies had minimal impact on relative performance.

GMO’s stock selection discipline had mixed results during the quarter with momentum working the best, quality-adjusted value doing well, but intrinsic value underperforming. Positions in Volkswagen, Arcelor and ThyssenKrupp helped this quarter. Detractors included GlaxoSmithKline, Takeda Pharmaceutical and Resona Holdings.

## MANAGER COMMENTS – INTERNATIONAL EQUITY

### McKinley Capital

*Performance data will be available in the June 30, 2006 Quarterly Report.*

## McKinley Capital

| Portfolio Characteristics | McKinley Capital | MSCI EAFE |
|---|---|---|
| IEq Mkt Value ($Mil) | 262.2 | N/A |
| Cash | 0.8 % | 0.0 % |

| Over-Weighted Countries | McKinley Capital | MSCI EAFE |
|---|---|---|
| South Korea | 5.8 % | 0.0 % |
| Taiwan | 4.1 | 0.0 |
| Canada | 3.8 | 0.0 |

*Performance data will be available in the June 30, 2006 Quarterly Report.*

| Under-Weighted Countries | McKinley Capital | MSCI EAFE |
|---|---|---|
| United Kingdom | 11.9 % | 23.6 % |
| Japan | 16.3 | 25.5 |
| Netherlands | 0.0 | 3.8 |

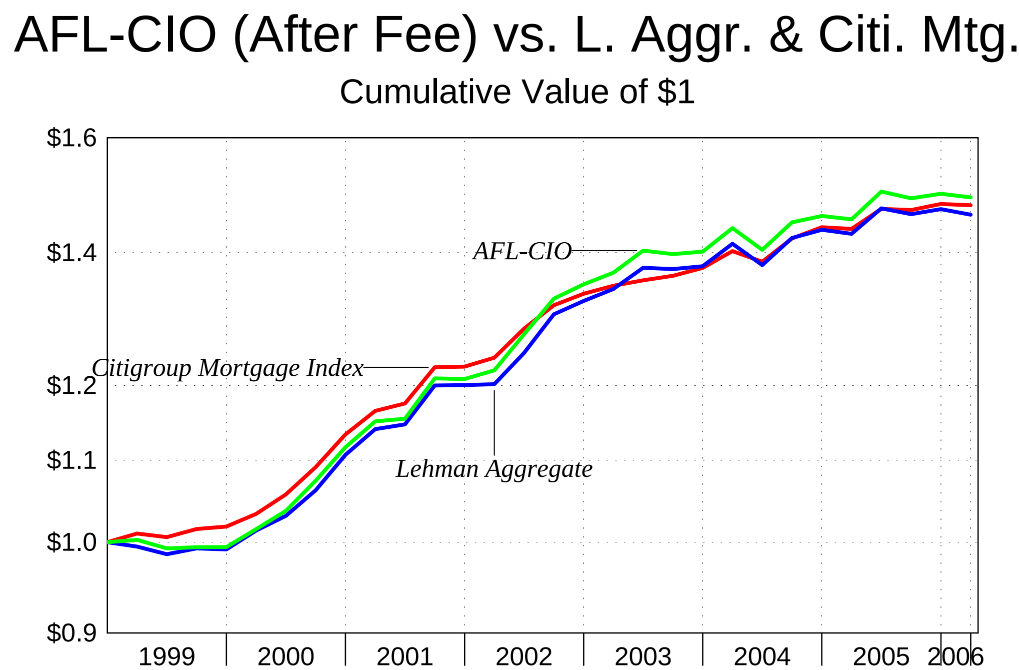
The McKinley Capital portfolio was funded in February 2006. McKinley will serve as a growth complement to the value-oriented GMO portfolio. Performance data will be included in the June 30, 2006 Quarterly Report. From the portfolio's inception of February 23, 2006 through March 31, 2006, McKinley calculated a return of 4.6% vs. 3.5% for the MSCI EAFE over the same period.

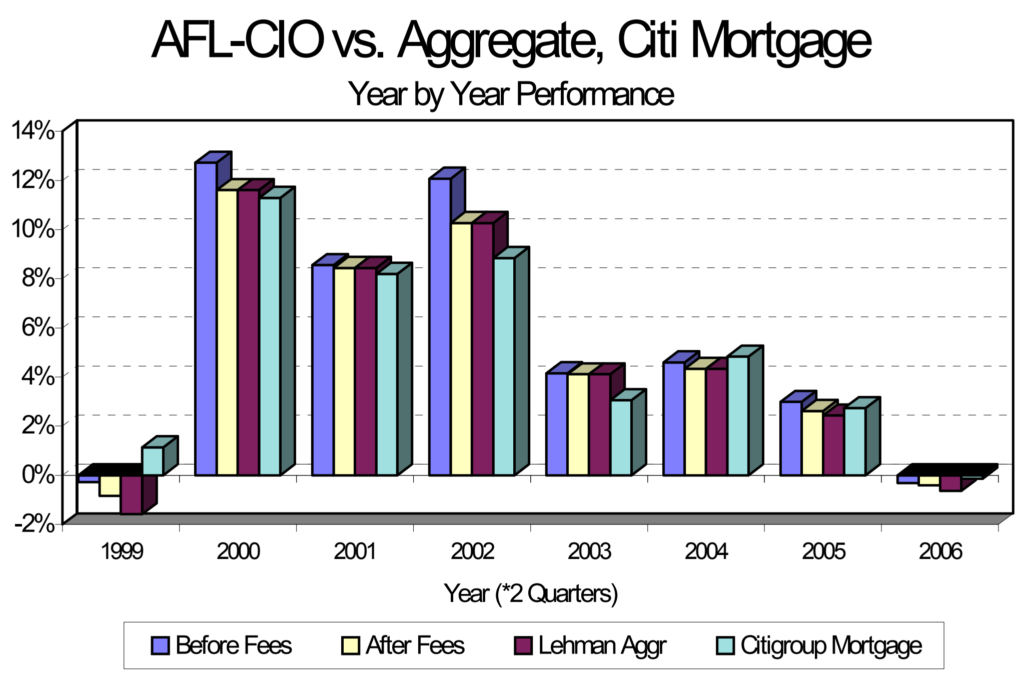
The portfolio's largest country over-weightings were in South Korea, Taiwan and Canada, while the largest under-weightings were in the United Kingdom, Japan and the Netherlands.

Stock selection in the Health Care and Information Technology sectors detracted from relative performance as holdings in Merck and Samsung declined in value. On a country basis, stock selection in Taiwan, France and Norway benefited relative performance while holdings in South Korea and Switzerland detracted from relative performance.

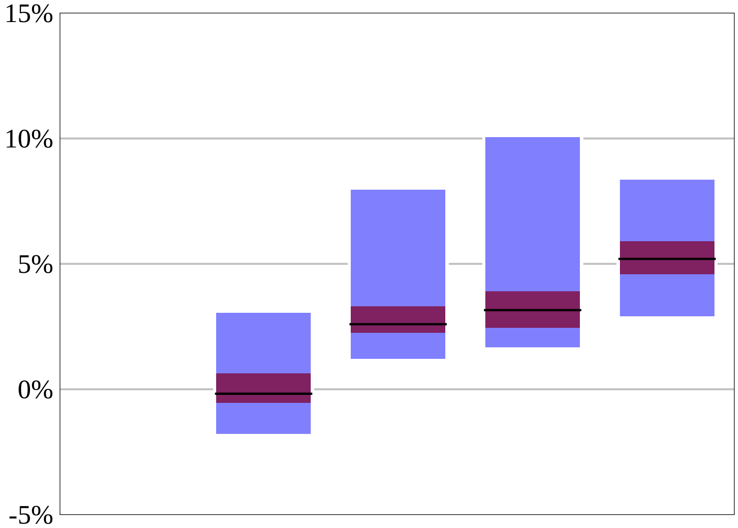
McKinley reported that their investment process is currently identifying more candidates in the Financials, Materials and Industrials sectors. On a country basis, they are seeing the most opportunities in Switzerland and Taiwan.

**AFL-CIO Housing Investment Trust**



## AFL-CIO Housing Investment Trust




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| AFL-CIO (A) | -0.3 | 3.0 | 3.3 | 5.7 |
| *Rank* | *60* | *34* | *45* | *30* |
| L. Agg (L) | -0.6 | 2.3 | 2.9 | 5.1 |
| Citi. Mtg. (C) | -0.1 | 2.8 | 3.2 | 4.9 |
| Fixed Median | -0.2 | 2.6 | 3.2 | 5.2 |

| **Portfolio Characteristics** | **AFL-CIO** |
|---|---|
| Mkt Value ($Mil) | 152.0 |
| Current Yield (%) | 5.6 |
| Duration (yrs) | 4.6 |
| Avg Quality | AAA |

| **Divesification by Sector** | **AFL-CIO** |
|---|---|
| Single Family MBS | 32 % |
| Construction Related CMBS | 20 |
| Agency CMBS | 41 |
| US Treasury | 5 |
| Short-term | 2 |

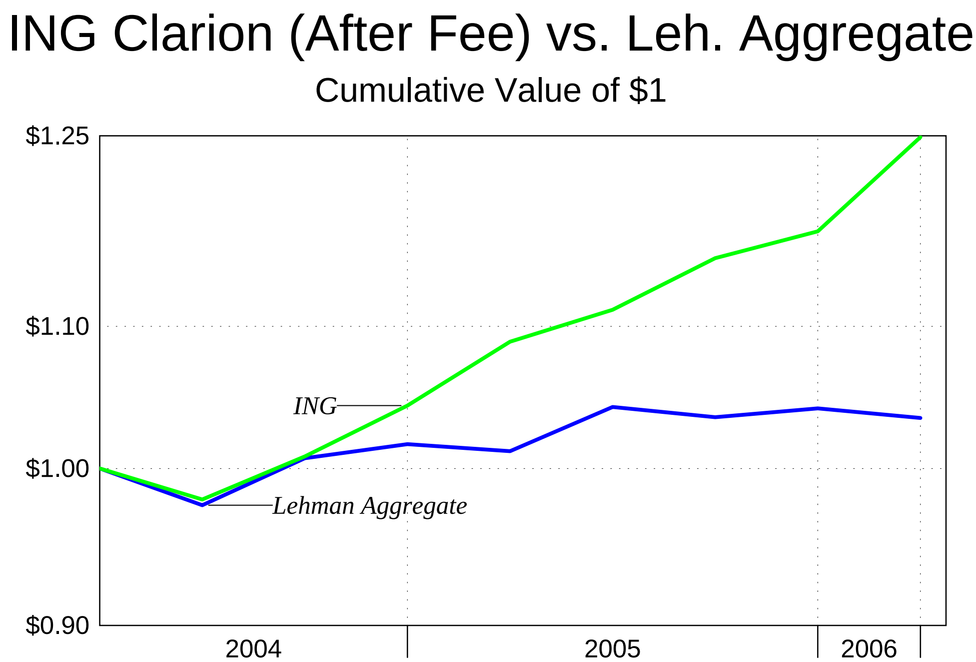
AFL-CIO returned -0.3% in the first quarter, better than the -0.6% return of the Lehman Aggregate (but trailing the -0.1% return of the Citigroup Mortgage Index). The portfolio ranked in the 60th percentile of fixed income managers. For the past year, AFL-CIO returned 3.0%, which was above the 2.3% return of the Lehman Aggregate and the 2.8% return of the Citigroup Mortgage index. Over longer periods, AFL-CIO has exceeded both benchmarks and the median, meeting performance objectives.

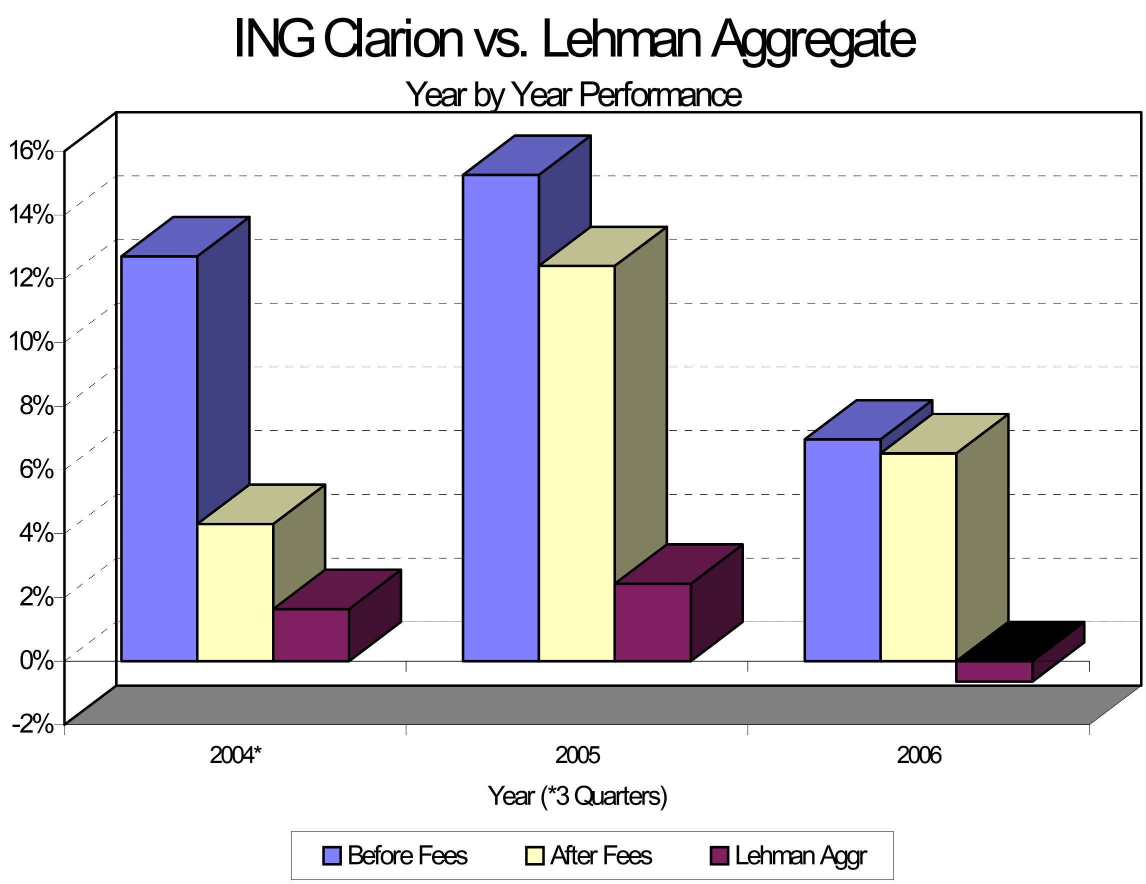
At the end of the first quarter, the AFL-CIO Housing Investment Trust had 32% of the portfolio allocated to single family mortgage backed securities (up 3% from the end of the previous quarter), 20% allocated to construction related CMBS (up 5%), 41% allocated to agency CMBS (down 5%), 5% to US Treasury notes (down 3%) and 2% to short-term (unchanged). The AFL-CIO portfolio duration at the end of the first quarter was 4.6 years and the current yield of the portfolio was 5.6%.

AFL-CIO reports that in the first quarter, the Trust issued new financing commitments in the amount of $25.1 million for a multi-family project having 91 units and two health care centers having 400 beds. The Trust's HIT HOME mortgage program is currently being transitioned. Data on the origination of mortgage loans will be available in the second quarter report. In the near term, the Trust will maintain its slightly short duration bias versus the Aggregate to help offset the impact of potentially rising rates. With the market expecting further hikes in the Fed Funds target rate and generally higher short-term interest rates, the yield curve is expected to continue to remain relatively flat. However, with the yield curve already having inverted during the first quarter of 2006, the Trust is closely monitoring its ongoing barbell strategy and may decide to modify it gradually as fixed-income market conditions change.

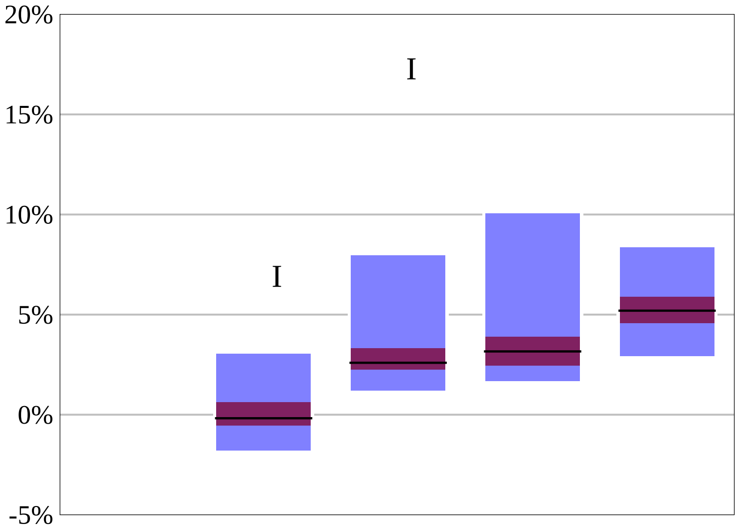
## MANAGER COMMENTS – FIXED INCOME

### ING Clarion



**ING Clarion**




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| ING Clarion (I) | 7.0 | 17.3 | - | - |
| *Rank* | *1* | *1* | - | - |
| L. Agg (L) | -0.6 | 2.3 | 2.9 | 5.1 |
| Fixed Median | -0.2 | 2.6 | 3.2 | 5.2 |

| **Portfolio Characteristics** | **ING** |
|---|---|
| Mkt. Value ($mil) | 69.5 |
| Avg. Quality | B |

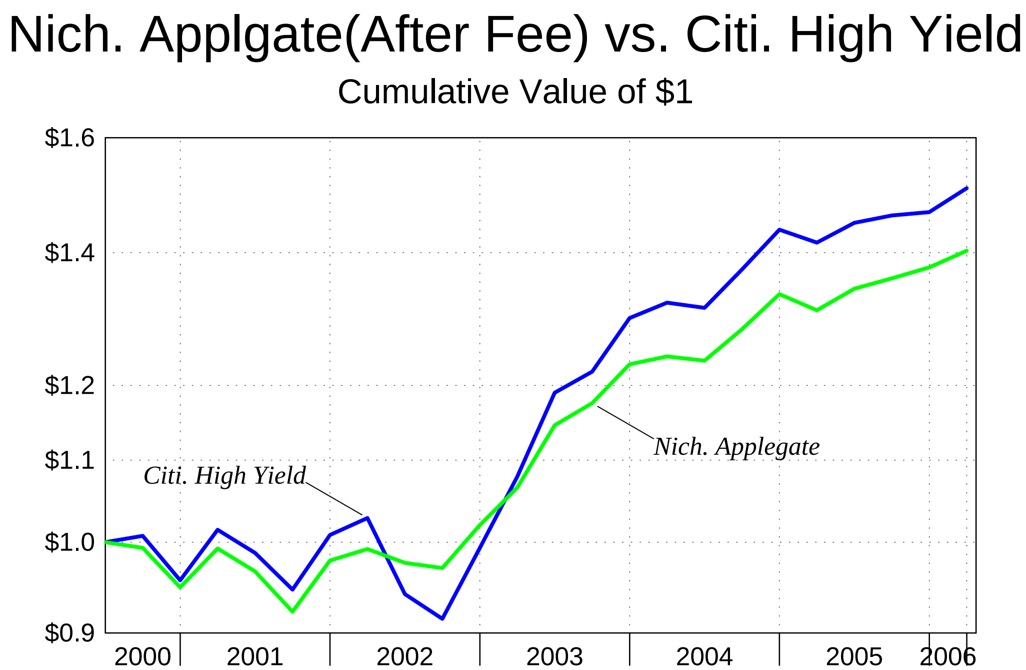
ING Clarion invests in lower quality mortgages purchased at a significant discount. Its return of 7.0% for the first quarter was well above the Lehman Aggregate return of -0.6% and the median fixed income manager return of 0.6%. ING Clarion ranked in the 1st percentile in the universe of fixed income managers. Over the past year, the portfolio has returned 17.3%, well above the benchmark return of 2.3% and the fixed income median return of 2.6%, again ranking in the 1st percentile.

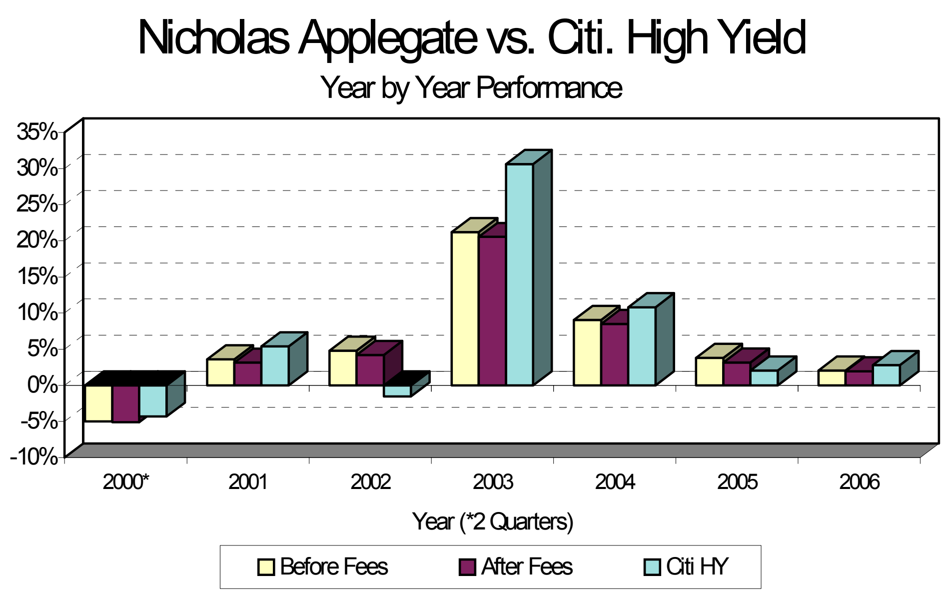
As of March 31, 2006, the portfolio consisted of 95 investments purchased at an average price of approximately 47% of par.

For the quarter ending March 31, 2006, the Partnership acquired 5 classes of securities from one securitization deal. All classes were acquired at discounts to par (the par amount was $87,395,521 and the purchase price was $41,288,508, averaging 47% of par amount) at an average nominal yield to maturity of approximately 15% and a nominal cash-on-cash yield of approximately 10%.

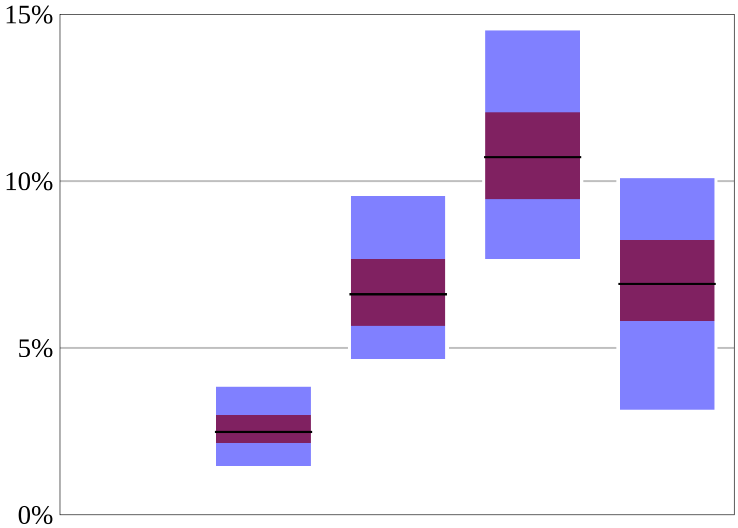
## MANAGER COMMENTS – FIXED INCOME

### Nicholas Applegate



### Nicholas Applegate




| Portfolio Characteristics | Nicholas Applegate | Citigroup High Yield |
|---|---|---|
| Mkt Value ($Mil) | 86.1 | n/a |
| Yield to Maturity (%) | 7.8 % | 8.2 % |
| Duration (yrs) | 4.3 | 4.6 |
| Avg. Quality | BB | B+ |

| Quality Distribution | Nicholas Applegate | Citigroup High Yield |
|---|---|---|
| A | 3 % | 0 % |
| BBB | 0 | 0 |
| BB | 32 | 44 |
| B | 62 | 47 |
| CCC | 3 | 9 |

| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Nich. Appl. (N) | 2.1 | 7.8 | 10.2 | 7.7 |
| *Rank* | *79* | *21* | *61* | *36* |
| Citi. Hi Yield (C) | 2.8 | 6.5 | 11.8 | 8.3 |
| ML BB/B (M) | 2.6 | 7.4 | 10.6 | 7.1 |
| MS Hi Yield Med | 2.5 | 6.6 | 10.7 | 6.9 |

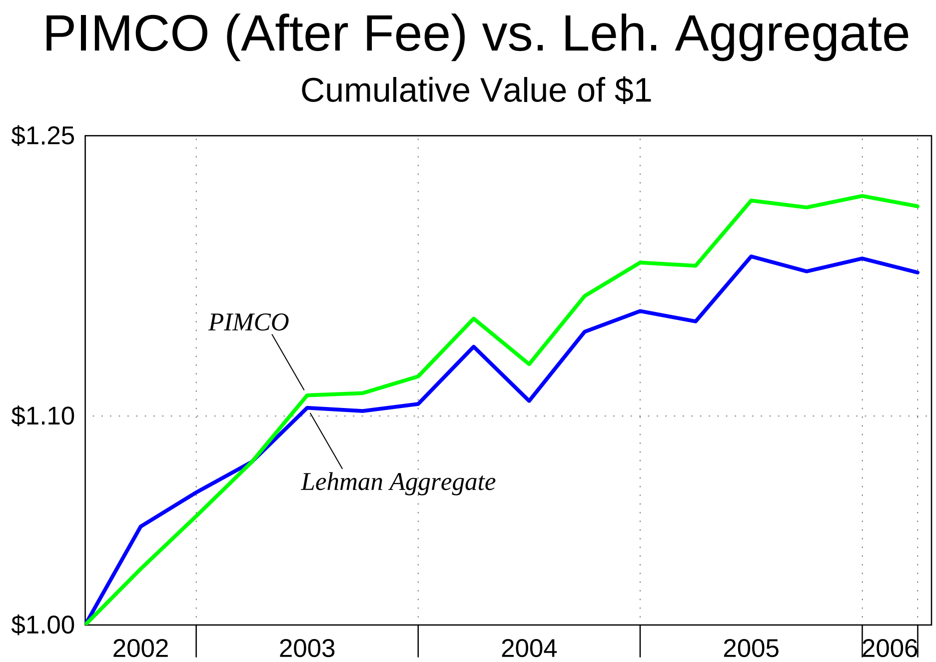
Nicholas Applegate's high yield fixed income portfolio returned 2.1% for the first quarter, trailing the 2.8% return of the Citigroup High Yield Index, 2.6% for the Merrill Lynch BB/B Index and 2.5% for the median high yield fixed income mutual fund. For the past year, Nicholas Applegate returned 7.8% versus 6.5% for the Citigroup High Yield Index, 7.4% for the Merrill Lynch BB/B Index and 6.6% for the median. For the five-year period, Nicholas Applegate's return of 7.7% was above 7.1% for the BB/B Index and 6.9% for the median, but below 8.3% for the Citigroup High Yield Index.

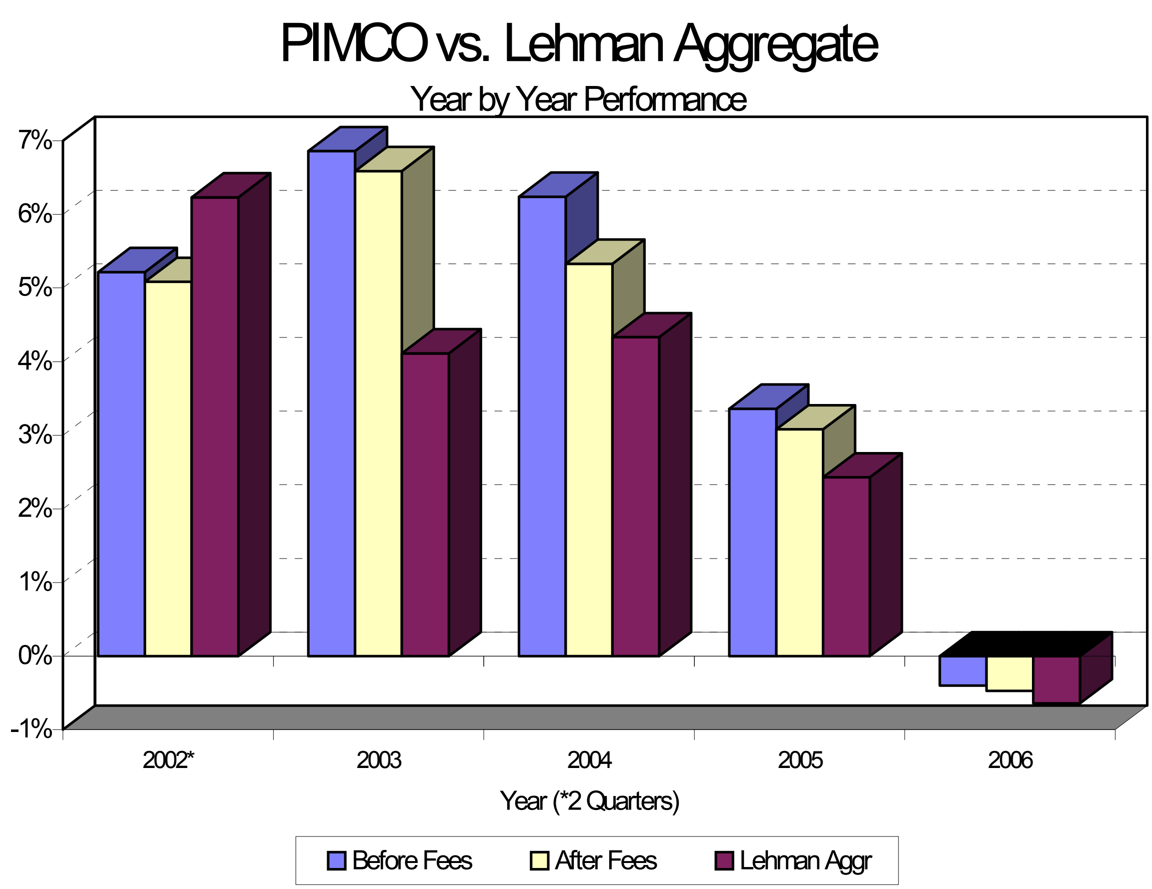
As of March 31, 2006, the Nicholas Applegate high yield portfolio was allocated 3% to A rated securities vs. 0% for the Citigroup High Yield Index, 32% to BB rated issues versus 44% for the Index, 62% to B rated issues versus 47% in the Index and 3% to C rated securities versus 9% for the Index. The portfolio's March 31, 2006, duration was 4.3 years, shorter than 4.6 years for the Citigroup High Yield Index.

The combination of low-quality issuer out-performance and the significant positive contribution from Ford and GM, which Nicholas Applegate does not hold, caused the portfolio's relative performance to lag. There were ten positive rating actions in the quarter, encompassing several industries. In the first quarter, specific positive performance was generated by Millicom International, GSC Holdings (GameStop) and AMR Holdco. Millicom is currently reviewing unsolicited bids to be acquired. GameStop rebounded after improving operating momentum in recent months. AMR, also known as EMS or Emergency Medical Services, issued an IPO. There were few negative performers for the period. In general, the tighter spread issues underperformed due to the Treasury rate move. There is no change to the firm's fundamental outlook for the high yield market. The asset class remains a compelling investment versus other fixed income options. The economy is healthy, corporate balance sheets are solid, and defaults are low.

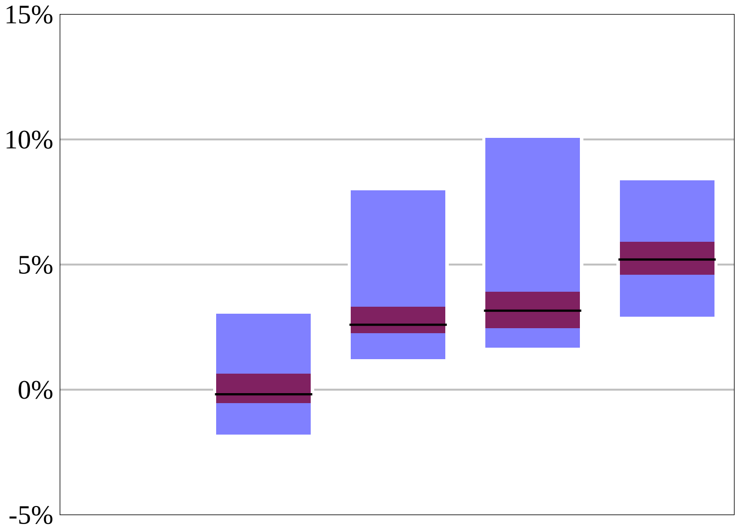
**MANAGER COMMENTS – FIXED INCOME**

**PIMCO**



## PIMCO




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| PIMCO (P) | -0.4 | 3.0 | 4.3 | - |
| *Rank* | *66* | *31* | *21* | - |
| L. Agg (L) | -0.6 | 2.3 | 2.9 | 5.1 |
| Fixed Median | -0.2 | 2.6 | 3.2 | 5.2 |

| **Portfolio Characteristics** | **PIMCO** | **Lehman Aggregate** |
|---|---|---|
| Mkt Value ($Mil) | 417.8 | n/a |
| Yield to Maturity (%) | 5.9 % | 5.5 % |
| Duration (yrs) | 4.9 | 4.7 |
| Avg. Quality | AAA | AA+ |

| **Sectors** | **PIMCO** | **Lehman Aggregate** |
|---|---|---|
| Treasury/Agency | 30 % | 36 % |
| Mortgages | 53 | 40 |
| Corporates | 6 | 19 |
| High Yield | 0 | 0 |
| Asset-Backed | 0 | 0 |
| CMBS | 0 | 0 |
| International | 4 | 4 |
| Emerging Markets | 2 | 0 |
| Other | 2 | 0 |
| Cash | 3 | 0 |

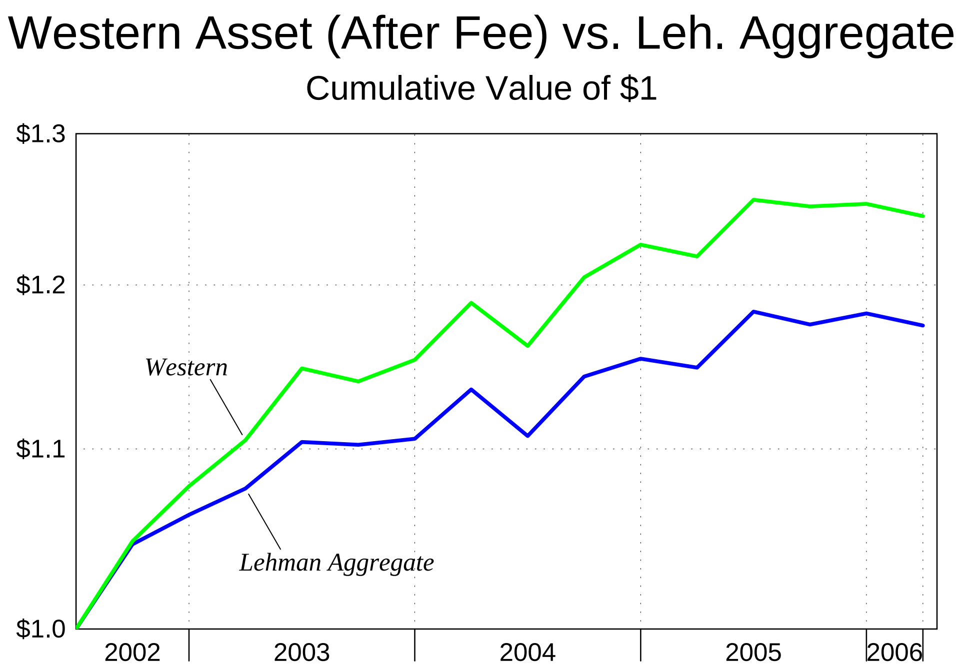
PIMCO's return of -0.4% for the first quarter was slightly better than the -0.6% return of the Lehman Aggregate but lagged the -0.2% return of the median fixed income manager. PIMCO ranked in the 66th percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of 3.0% was above the 2.3% return of the Lehman Aggregate and the 2.6% return of the median, ranking in the 31st percentile. Over the past three years, the portfolio has returned 4.3%, above the Lehman Aggregate return of 2.9% and ranking in the 21st percentile.

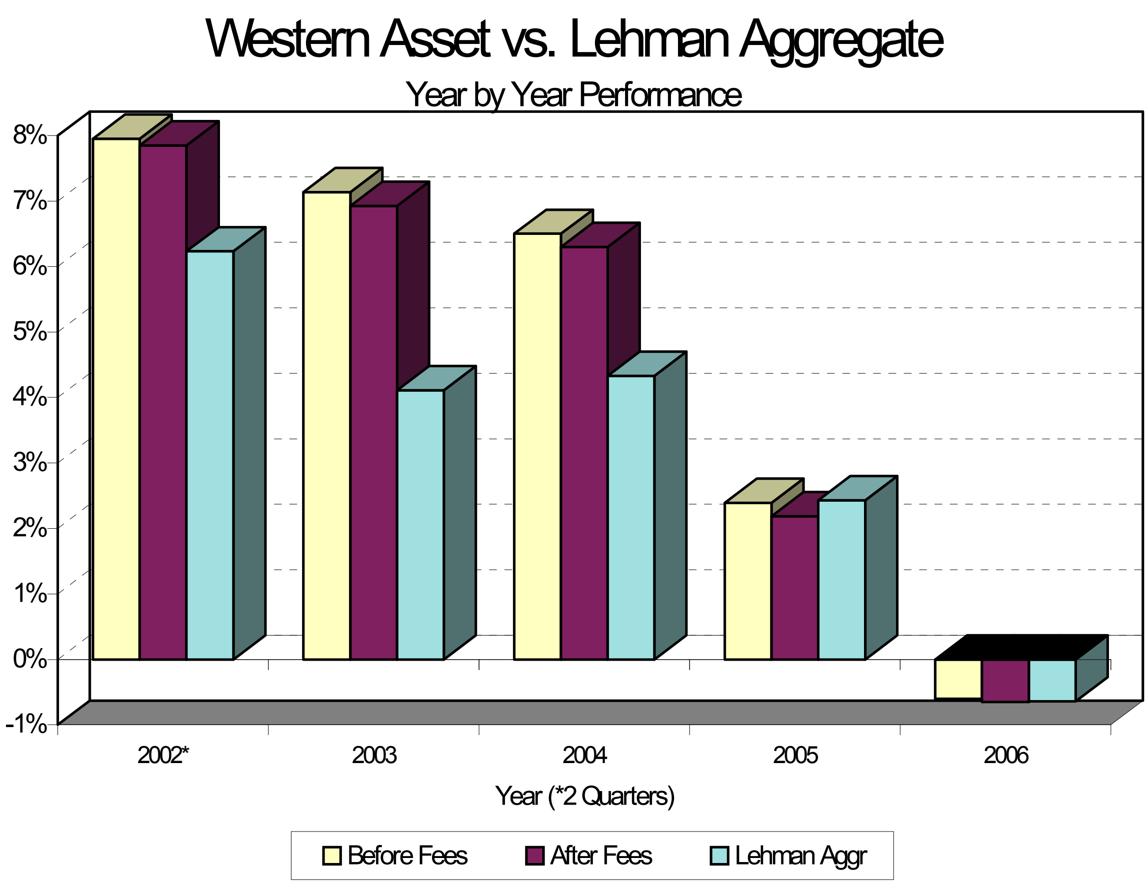
During the first quarter, PIMCO reduced the allocation to treasuries and agencies by 8% and to emerging market debt by 1%. The reduced allocations were offset by increased allocations to mortgages by 5%, corporates by 1% and cash by 3%. The zero position in high yield remains from the end of the previous quarter. Duration of the PIMCO fixed income portfolio at the end of the first quarter was 4.9 years, longer than the 4.7 year duration at the end of last quarter and slightly longer than that of the benchmark.

First quarter performance was helped by the portfolio's overweight to mortgages, which enhanced the yield component. Exposure to municipal and emerging market bonds was also beneficial, as was modest exposure to the Euro, which gained vs. the dollar amid signs of stronger growth and central bank tightening. The portfolio's above-index duration detracted from returns as rates rose. PIMCO plans to maintain the portfolio's duration slightly above the index as the firm believes that slower growth will create downward pressure on interest rates.

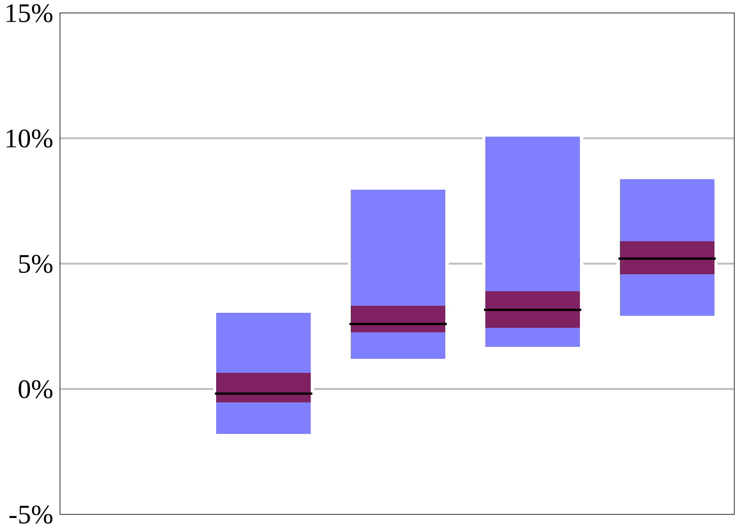
## MANAGER COMMENTS – FIXED INCOME

### Western Asset Management



## Western Asset Management




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Western Asset (W) | -0.6 | 2.4 | 4.2 | - |
| *Rank* | *80* | *69* | *21* | - |
| L. Agg (L) | -0.6 | 2.3 | 2.9 | 5.1 |
| Fixed Median | -0.2 | 2.6 | 3.2 | 5.2 |

| **Portfolio Characteristics** | **Western Asset** | **Lehman Aggregate** |
|---|---|---|
| Mkt Value ($Mil) | 412.9 | n/a |
| Yield to Maturity (%) | 5.9 % | 5.5 % |
| Duration (yrs) | 5.6 | 4.7 |
| Avg. Quality | AA | AA+ |

| **Sectors** | **Western Asset** | **Lehman Aggregate** |
|---|---|---|
| Treasury/Agency | 15 % | 36 % |
| Mortgages | 41 | 40 |
| Corporates | 16 | 19 |
| High Yield | 8 | 0 |
| Asset-Backed | 1 | 0 |
| CMBS | 2 | 0 |
| International | 5 | 4 |
| Emerging Markets | 1 | 0 |
| Other | 0 | 0 |
| Cash | 11 | 0 |

Western Asset Management's return of -0.6% for the first quarter matched the -0.6% return of the Lehman Aggregate but trailed the -0.2% return of the median fixed income manager. The first quarter performance ranked in the 80th percentile in the universe of fixed income managers. For the one-year period, Western's return of 2.4% slightly exceeded the return of the Aggregate but ranked in the 69th percentile. Over the past three years, Western returned 4.2%, above the Lehman Aggregate return of 2.9%, and ranked in the 21st percentile.

During the first quarter, Western Asset increased its allocation to high yield by 5%, cash by 2% and mortgages by 1%. These increased allocations were offset by decreased allocations to Treasuries/Agencies by 4%, corporates by 3% and emerging markets by 2%. The allocations to asset backed securities and CMBS securities were unchanged from the end of the previous quarter. The duration of the Western Asset fixed income portfolio at the end of the first quarter was 5.6 years, consistent with the 5.6 year duration at the end of the previous quarter, and longer than that of the index.

Western Asset Management's first quarter performance was helped by an overweight exposure to mortgages as spreads were relatively stable. The portfolio's exposures to high yield and emerging market bonds were also beneficial. The longer duration of the portfolio hurt during the quarter as yields continued to rise. Exposure to TIPS and non-dollar bonds also detracted from performance. Western Asset intends to maintain the longer duration of the portfolio in light of the recent rise in rates. Western Asset also intends to maintain a moderate exposure to TIPS, high yield, emerging market and non-dollar debt.

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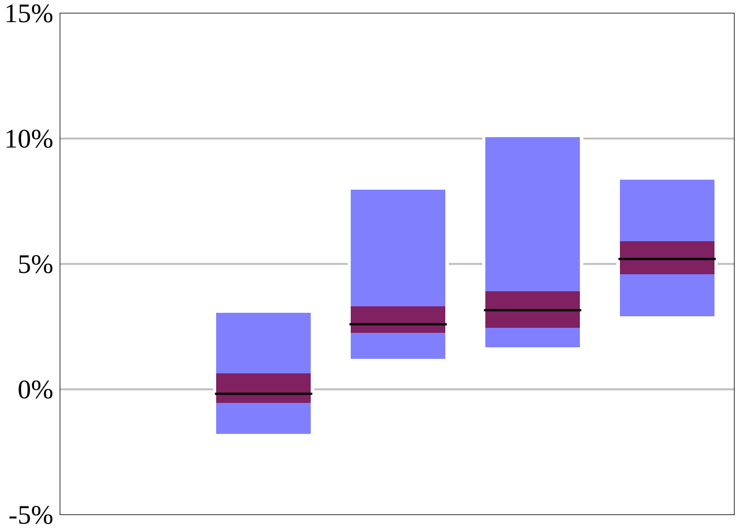
## MANAGER COMMENTS – FIXED INCOME

### Total Domestic Fixed Income




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| CCC Total (C) | 0.1 | 4.1 | 5.1 | 6.2 |
| *Rank* | *34* | *17* | *14* | *16* |
| L. Agg (L) | -0.6 | 2.3 | 2.9 | 5.1 |
| Fixed Median | -0.2 | 2.6 | 3.2 | 5.2 |

| **Portfolio Characteristics** | **Total Fixed*** | **Lehman Aggregate** |
|---|---|---|
| Mkt Value ($Mil) | 1,068.7 | n/a |
| Yield to Maturity (%) | 6.0 % | 5.5 % |
| Duration (yrs) | 5.1 | 4.7 |
| Avg. Quality | AA | AA+ |

| **Sectors** | **Total Fixed*** | **Lehman Aggregate** |
|---|---|---|
| Treasury/Agency | 18 % | 36 % |
| Mortgages | 41 | 40 |
| Corporates | 9 | 19 |
| High Yield | 11 | 0 |
| Asset-Backed | 0 | 0 |
| CMBS | 9 | 0 |
| International | 4 | 4 |
| Emerging Markets | 1 | 0 |
| Other | 1 | 0 |
| Cash | 6 | 0 |

**Exclusive of ING Clarion portfolio.*

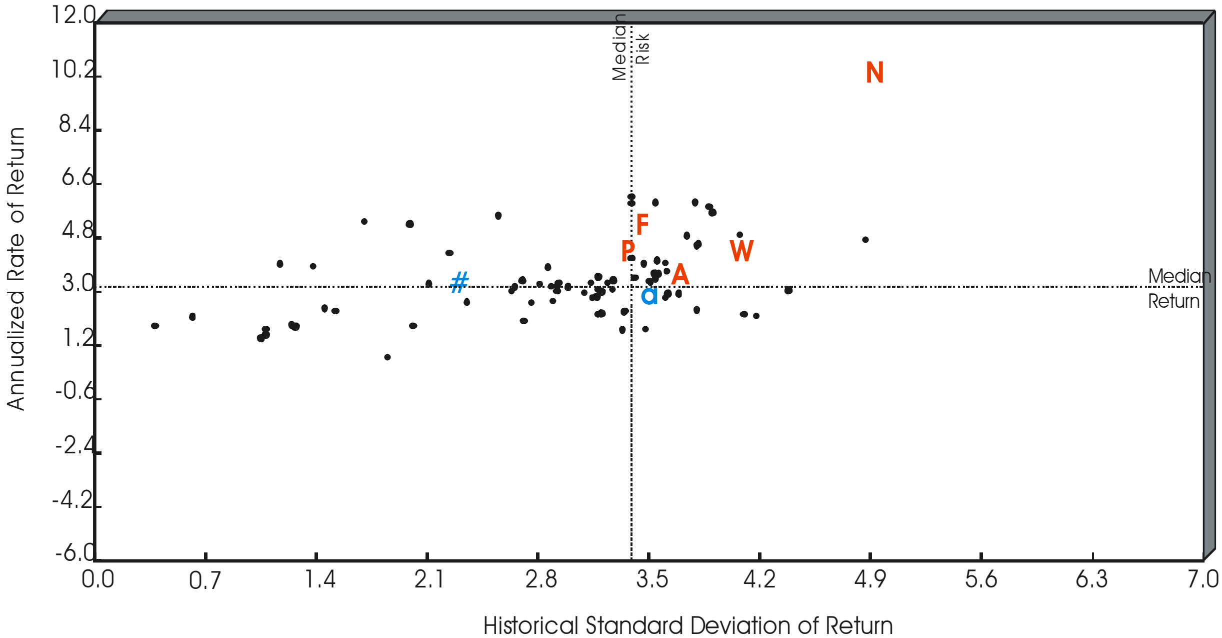
CCCERA total fixed income returned 0.1% in the first quarter, better than the -0.6% return of the Lehman Aggregate and the -0.2% return of the median fixed income manager, ranking in the 34th percentile in the universe of fixed income managers. For the one-year period, CCCERA's total fixed income returned 4.1%, exceeding 2.3% for the Aggregate and 2.6% for the median manager. CCCERA total fixed income's returns have exceeded the Aggregate and the median fixed income manager over both the three and five year periods.

During the first quarter, the allocations to treasury/agency and mortgage securities decreased by 6% each while emerging market debt decreased by 2%. CMBS were up 8%, high yield debt was up 2% and cash was up 2%. Duration of the total fixed income portfolio at the end of the first quarter was 5.1 years, slightly longer than the 4.7 year duration of the index.

# MANAGER COMMENTS – FIXED INCOME

## Domestic Fixed Income Performance and Variability

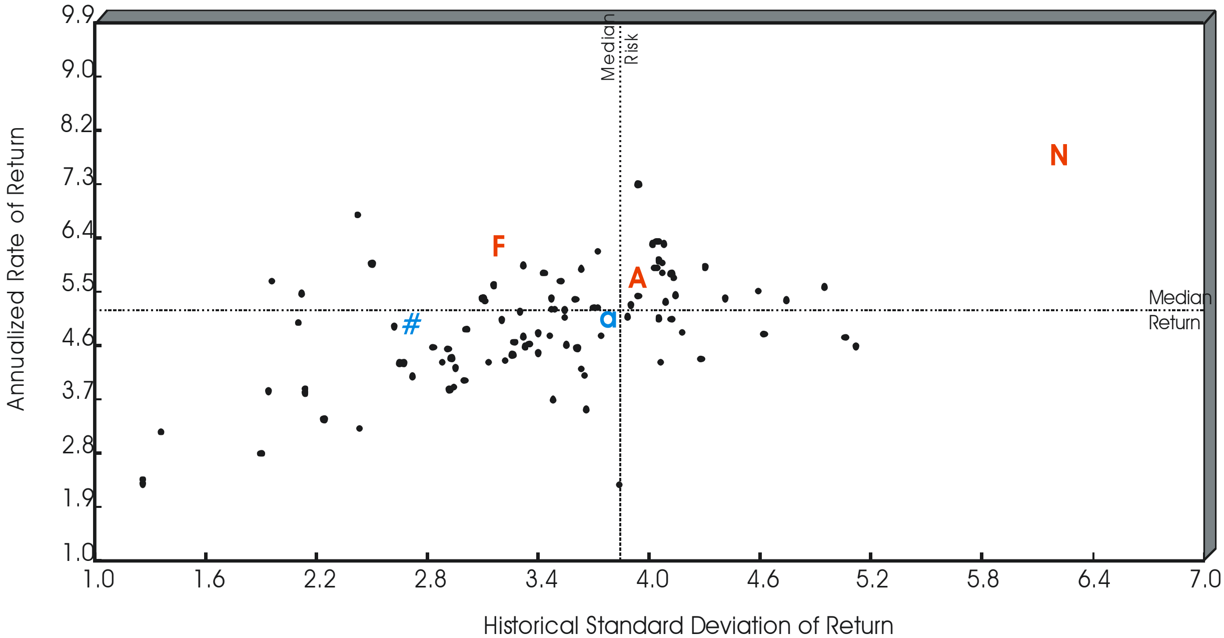
*Three Years Ending March 31, 2006*




| | | Annualized Return | | Standard Deviation | |
|---|---|---|---|---|---|
| | | Value | Rank | Value | Rank |
| A | AFL-CIO | 3.30 | 45 | 3.70 | 76 |
| N | Nicholas Applegate | 10.22 | 4 | 4.95 | 92 |
| P | PIMCO #2433 | 4.25 | 21 | 3.40 | 52 |
| W | Western Asset Management | 4.24 | 21 | 4.09 | 84 |
| F | Total Fixed Income | 5.10 | 14 | 3.50 | 59 |
| a | LB Aggregate | 2.92 | 60 | 3.54 | 65 |
| # | SB Mortgage | 3.17 | 49 | 2.32 | 18 |
| | Median | 3.16 | | 3.39 | |

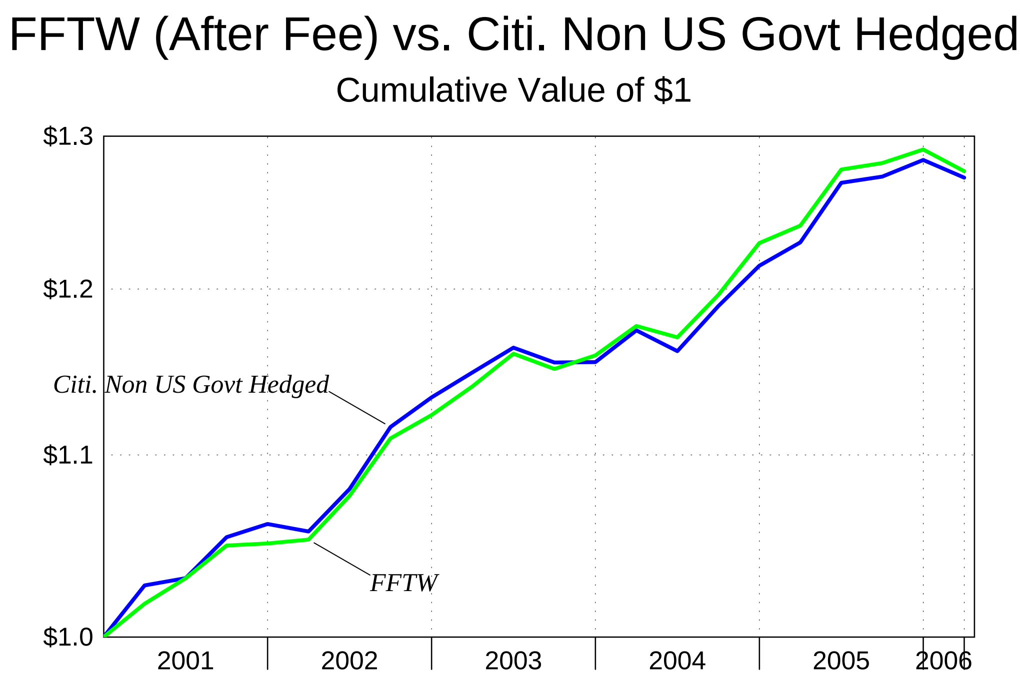
## Domestic Fixed Income Performance and Variability

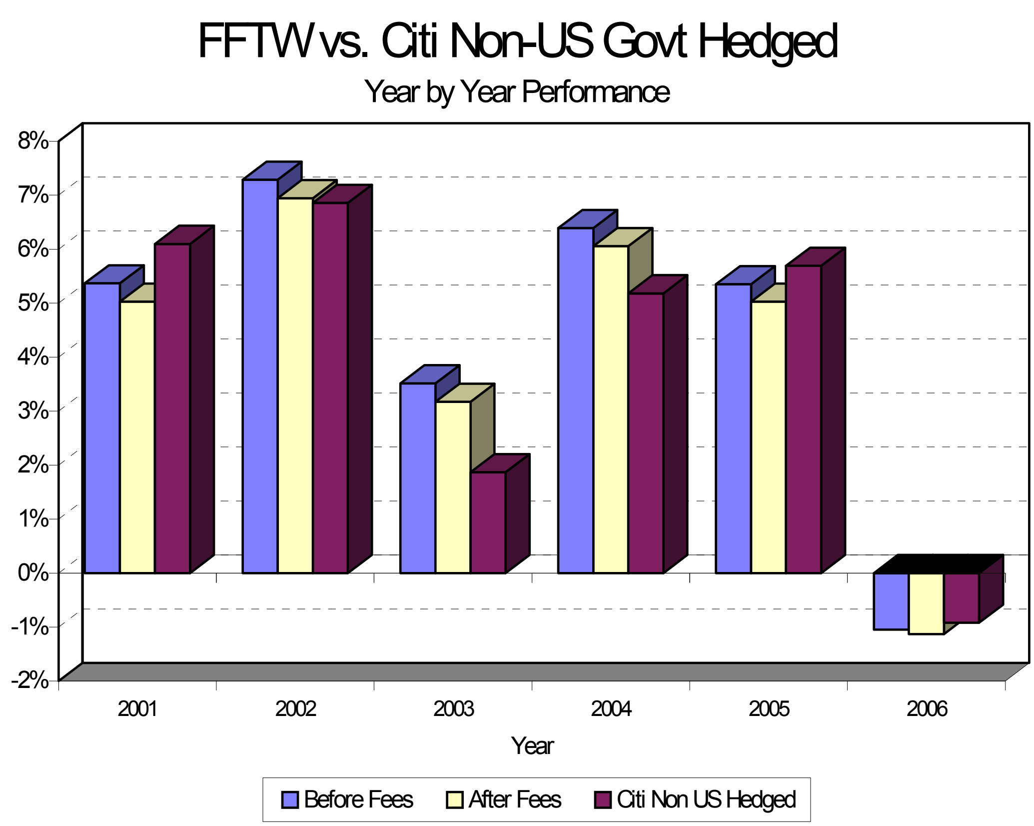
*Five Years Ending March 31, 2006*




| | | Annualized Return | | Standard Deviation | |
|---|---|---|---|---|---|
| | | Value | Rank | Value | Rank |
| A | AFL-CIO | 5.69 | 30 | 3.96 | 61 |
| N | Nicholas Applegate | 7.74 | 7 | 6.23 | 93 |
| F | Total Fixed Income | 6.21 | 16 | 3.22 | 26 |
| a | LB Aggregate | 5.11 | 56 | 3.82 | 50 |
| # | SB Mortgage | 4.90 | 64 | 2.73 | 17 |
| | Median | 5.20 | | 3.84 | |

**Fischer Francis Trees & Watts**



**Fischer Francis Trees & Watts**

**Performance**

| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| FFTW | -1.1% | 3.2% | 4.2% | 5.3% |
| Citi. NonUS Hdg | -0.9 | 3.5 | 3.5 | 4.7 |

**Portfolio**

| Characteristics | FFTW | Citi. NonUS |
|---|---|---|
| Mkt. Value ($mil) | 169.2 | N/A |
| Duration (years) | 6.3 | 6.1 |

| Over-Weighted Countries | FFTW | Citigroup NonUS |
|---|---|---|
| United States | 7% | 0% |
| United Kingdom | 13 | 7 |

| Under-Weighted Countries | FFTW | Citigroup NonUS |
|---|---|---|
| Japan | 19% | 36% |
| Italy | 0 | 11 |

| Non-Government Securities | FFTW | Citigroup NonUS |
|---|---|---|
| Non-US Collateralized | 7% | 0% |
| US ABS | 6 | 0 |
| Non-US Credit | 1 | 0 |
| US Credit | 1 | 0 |
| Non-US Gov/Agency | 71 | 100 |
| Cash | 14 | 0 |

Fischer Francis Trees & Watts' (FFTW) portfolio returned -1.1% for the first quarter, slightly trailing the -0.9% return of the Citigroup Non US Government Hedged Index. For the past year, FFTW returned 3.2%, again slightly below the 3.5% return of the Index. For the five-year period, FFTW's return of 5.3% was above the 4.7% return of the Index. The portfolio is in compliance with the five-year performance objective.

As of March 31, 2006, the portfolio's largest country over-weightings are the in the United States and the United Kingdom, while the largest under-weightings continue to be in Japan and Italy. The portfolio contained 7% non-US collateralized securities, 6% US asset backed securities, 1% other non-US credits and 1% US Credits. The portfolio's first quarter duration was 6.3 years, slightly longer than the 6.1 year duration of the Citigroup Non US Government Index.

During the quarter, FFTW strategy concentrated on underweight exposure in Japan, modestly overweight exposure in Europe and North America combined, yield curve flattening strategies, and overweight exposure in the UK at the expense of the Euro-bond area. These strategies more or less netted themselves out in performance impact terms. FFTW maintained underweight exposures to US and European corporate credits throughout the quarter, except in a few finance sub-sectors. These exposures in aggregate had little performance impact. As a counterbalance to underweight corporate credit exposure, FFTW has maintained moderately overweight exposures in the mortgage sector. Over the quarter as a whole, neither the mortgage-backed security market nor related FFTW positions were significant drivers of absolute or relative return.

FFTW believes that, in the current environment, cash rates offering five percent with zero volatility look relatively attractive, and, increasingly, three percent real bond yields in the US are also looking attractive. European bonds offer a similar real yield, and UK government bonds offer the additional plus of having some potential for capital appreciation if rates are cut again. FFTW continues to be concerned about the price of oil and the effect that it could have on the current, relatively benign, global debt market.

## MANAGER COMMENTS – REAL ESTATE

### Adelante Capital Management

Adelante Capital Management reported a return of 16.4% for the first quarter, ranking in the 2nd percentile in the universe of REIT Mutual funds. Adelante's one-year return of 48.6% out-performed the NAREIT Equity Index return of 38.5%.

As of March 31, the portfolio consisted of 27 properties. Office properties comprised 21.4% of the portfolio; apartments made up 25.4%; retail represented 26.2%; industrials accounted for 11.6%; 7.0% is accounted as diversified/specialty, hotels accounted for 3.1%, and 5.3% is cash. The properties were diversified regionally with 6.7% in the East North Central region, 14.8% in the Mideast, 6.9% in the Mountain, 21.8% in the Northeast, 32.9% in the Pacific region, 9.2% in the Southeast, 5.2% in the Southwest region, 1.8% in the West North Central region, and 0.7% unclassified.

According to NAREIT, $11.9 billion in capital was raised by the REIT industry in first quarter 2006 compared to $8.8 billion in first quarter 2005; there was a $2.3 billion increase in the amount of capital raised via secondary equity issuance and a $2.8 billion increase in unsecured debt issuance.

Consensus FFO (funds from operations) growth estimate are positive for first quarter at 5.5% after adjusting first quarter 2005 FFO for the Apartment sector which was positively skewed by one-time gains reported by a number of the larger Apartment companies resulting from the sale of their investment in Rent.com, and internet listing service, to eBay.

The current pace of privatization activity has sent analysts headlong into revaluation of REITs. As REITs continue to get acquired at premiums to public market pricing by 'smart' private money, analyst are forced into reducing cap rates in order to align their valuations with market pricing. At least when compared to real estate, the commodity, REITs seem to be trading at or near fair value.

### DLJ Real Estate Capital Partners

DLJ Real Estate Capital Partners (RECP) reported a return of -2.1% in the quarter ending December 31, 2005. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, RECP has returned -1.0%. CCCERA has a 3.8% ownership interest in RECP, which has had an internal rate of return of 10% per year since inception after all fees.

The portfolio as of December 31, 2005 consisted of office properties comprising 13.8% of the portfolio; retail 34.8%; and land development 51.4%. The properties were diversified regionally with 3.3% in the Southeast, 9.1% in the Pacific, 38.6% in the Southwest region, 31.6% internationally, and 17.4% listed as "Various-U.S.".

As of fourth quarter, the RECP I fund has fully realized 44 of its original 49 investments, which distributed $943 million on $632 million of total capital invested. During 2005, RECP I realized several of the most difficult assets in the portfolio including 1700 Pacific Avenue and the Montreal Forum. The Fund's remaining portfolio investments are valued at approximately $68 million and are expected to be fully realized over the next 12-18 months.

**DLJ Real Estate Capital Partners II**

DLJ Real Estate Capital Partners II (RECP II) reported a return of 17.6% in quarter of ending December 30, 2005. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, RECP II has returned 45.2%. CCCERA has a 3.4% ownership interest in RECP II.

As of December 31 the fund held 51 investments. The portfolio consisted of office properties comprising 15.1% of the portfolio; hotel accounted for 22.9%; residential accounted for 31.9%; land development made up 7.4%; retail made up 7.0%; sub-performing loan made up 15.7%, and "other" made up 0.0%. The properties were diversified regionally with 11.5% in the Pacific, 13.7% in the Northeast, 7.6% in the Southeast, 44.4% internationally, and 22.8% list as "Various U.S.".

RECP II acquired 51 investments with total capital committed of approximately $970 million. RECP II's investment activities were completed in 2004 and the continued focus in 2005 and thereafter is on the active asset management, positioning and realization of the portfolio. The Fund has been very successful in realizing investments once the value creation process has been executed.

In addition, RECP II has received substantial proceeds as partial realizations on their remaining portfolio. These partial proceeds have allowed them to distribute $1.36 billion, representing 140% of the capital invested by the Fund. The 26 assets remaining in the portfolio overall are performing very well, creating significant current cash flow and appreciation. To date, the Fund has fully realized 25 of its 51 investments, generating profits of $597 million, and may be on track to achieve a gross IRR well in excess of its 20% target.

**DLJ Real Estate Capital Partners III**

DLJ Real Estate Capital Partners III (RECP III) reported a return of -5.4% in quarter of ending December 31, 2005. (Performance lags by one quarter due to financial reporting constraints.) Over the past two quarters, RECP II has returned 12.9%. CCCERA has a 7.8% ownership interest in RECP III.

As of December 31 the fund held 21 investments. The portfolio consisted of office properties comprising 1.6% of the portfolio; hotel accounted for 4.9%; residential accounted for 26.3%; land development made up 17.6%; public securities made up 15.5%; retail made up 2.5%; and sub-performing loan made up 31.6%. The properties were diversified regionally with 21.1% in the Pacific, 20.5% in the Northeast, 56.9% internationally, and 1.6% list as "Various U.S.".

On June 6, 2005, RECP III had its first closing. The Fund's second closing occurred on November 11, 2005, bringing the aggregate capital commitments of RECP III to $979 million. Upon the final closing, RECP III will have aggregate capital commitments of between $1.10 billion and $1.15 billion. To date, the Fund has completed 21 investments and committed $344 million of equity to these transactions.

**BlackRock Realty**

BlackRock (originally SSR) Realty Apartment Value Fund III (AVF III) reported a first quarter total return of 9.9%. Over the one-year period, BlackRock has returned 26.9%. CCCERA has a 22.8% interest in the AVF III.

As of December 31, 2005, the fund held eleven investments. The portfolio consisted of 100% apartment properties. The properties were diversified regionally with 54% in the Pacific, 4% in the Northeast, 11% Mountain, 9% Mideast, and 22% in the Southeast. During the quarter, average portfolio occupancy rate of stabilized properties (minus French Village/Normandy Square properties) was 92% slightly higher than last quarter. The average rental rate increased from $900 to $913.

BlackRock Apartment Value Fund III (AVF III) commenced operations on November 22, 2004. Through fourth quarter 2005, AVF III has constructed a portfolio of eleven value-add apartment assets amounting to $208.6 million in gross asset value. AVF III will continue to add assets during 2006.

During the fourth quarter of 2005, AVF III continued to diversify its portfolio with the acquisitions of two assets: 1) French Village/Normandy Square, a renovated/reposition strategy asset in the San Francisco, and 2) Oxford Ridge II, the second stage in the Oxford Ridge development project in Atlanta. These acquisitions represent the tenth and eleventh assets in the Fund. Additionally, in January 2006, AVF III acquired its twelfth property, Alexan Kirby, located in Houston, and its thirteenth property, Plaza del Sol, located in Santa Ana, California.

**FFCA Co-Investment Limited Partnership**

FFCA reported a first quarter total return of 3.3%. For the one-year period, FFCA reported a total return of 11.0%. Over longer periods, FFCA has met the objective of exceeding the CPI plus 500 basis points. CCCERA has a 34% interest in the Co-Investment.

As of September 30, 2005, the Co-Investment's portfolio includes 37 restaurant properties. It is diversified regionally with 30.0% in the Southeast region, 0.0% in the North East region, 9.1% in the Southwest region, 5.7% in the Mountain region, 0.0% in the Pacific region, 22.5% in the West North Central region, 24.5% in the East North Central region, and 8.3% in the Mideast region.

The fund continues to receive the contractual payments on these properties. Rental income for the six-month period ended June 30, 2005 decreased by $22,112. This is primarily due to rent associated with sold properties. Participating income decreased by approximately $45,174 for the six-month period ended June 30, 2005, primarily due to rent associated with a sold property and from an operator that did not have participating income over the same period in 2005, offset by increased sales revenue from other operators. The credit in the current period for default expenses represents the reversal of a property tax accrual.

**Fidelity Investments**

Fidelity Investments reported a return of 6.8% for the first quarter of 2005. For the one-year period, Fidelity reported a total return of 21.3%

As of March 31, the fund was comprised of twenty-eight investments. Since inception, approximately $372 million of capital has been called by the fund while $69 million of capital has been distributed back to investors. The portfolio consisted of apartment properties which comprised 26% of the portfolio; office space accounted for 1%; retail accounted for 6%; industrial account for 1%; condominiums accounted for 37%; self storage made up of 2%; land made up 19%; student housing accounted for 3% and a golf course made up 2% of the portfolio. The properties were diversified regionally with 28% in the Pacific, 6% in the Northeast, 11% in the Southeast, 23% in the Mideast, 9% in the Midwest, 20% in the Mountain region, and 3% in the Southwest.

During the first quarter, Fidelity Real Estate Growth Fund II added one new investment. In February, Fidelity provided $15.2 million of equity financing for the acquisition of Atherton-Newport Apartments, a portfolio of five multifamily apartment communities in the greater Seattle, Washington metropolitan area. Following the end of the quarter, in early April, Fidelity finalized two additional investments for a total of $22.0 million of capital. The fund invested $7.0 million of equity to develop a 301-unit apartment complex in Avondale, Arizona, approximately 15 miles west of Phoenix. Additionally, it committed $15.0 million of mezzanine debt financing for Tao Condominiums, a development of 396 condominium units in Sunrise, Florida.

Fidelity Real Estate Growth Fund II also began 2006 by realizing two of the fund's investments. In January, one of its partners refinanced the Fund's mezzanine debt position in Malden Place Condominiums. As a result, the fund received $9.4 million of total income and proceeds on its investment of $5.8 million. Additionally, the sale of Liberty Plaza was finalized in February which resulted in total income and proceeds of $9.2 million on the fund's $5.2 million investment.

**Hearthstone I & II**

The two Hearthstone homebuilding funds are approaching completion. Both funds show negative asset values. We have once again included these negative values on the asset allocation display, in the interest of completeness. The reason for the negative values is that the liabilities associated with those values are due in the future. Funds required to pay the liabilities either are associated with still existing projects or have been advanced to the fund participants. When the liabilities become due, CCCERA will have to return the advances and/or the liabilities will be paid from future profits from the few remaining projects.

Given the negative asset values, ongoing calculation of quarterly performance for the two funds is not meaningful. (We do include the income in the combined real estate and the total fund performance.) As always for closed-end funds, the best measure of performance is the internal rate of return (IRR), shown on page 77. By this measure, the first fund has been a disappointing performer and the second fund a strong one.

**Invesco Real Estate Fund I**

Invesco Real Estate Fund I reported a first quarter total return of 14.3%. Over the past year, Invesco Real Estate Fund I returned 15.6%. CCCERA has a 15.6% interest in the Real Estate Fund I.

As of March 31, the portfolio consisted of six properties. The portfolio consisted of 40% retail, 25% industrial properties, 19% office and 16% multi-family. The properties were diversified regionally with 20.6% in the Northeast, 5.7% in the Southeast, 38.4% in the Southwest, 10.4% in the East North Central region and 24.9% in the mountain region.

The Fund is close to controlling a co-investment equity position in the recapitalization of a $1 billion portfolio of 58 multi-family assets located in 10 separate metropolitan areas. This acquisition of Milestone Portfolio will likely be an equity commitment by the Fund of between $80 and $130 million with a capital call, which could occur as early as May 22, 2006.

Presuming the execution of the pending acquisitions and dispositions, it is likely that the Fund will be roughly 96% committed and 69% called by mid-year 2006. With other investment opportunities currently in the pipeline, the Fund is on a good pace to be fully committed by the end of its investment period (April 2007). The Fund will continue to operate at average property-level leverage of 60-65% in an effort to capture the most attractive investment opportunities with the best operating partner sponsorship.

**Prudential Strategic Performance Fund II**

For the first quarter, the Prudential Strategic Performance Fund-II (SPF-II) reported a total return of 7.6%, 0.4% from income and 7.2% from appreciation. Over the one year period, the fund returned 37.5%, 5.9% from income and 31.6% from appreciation. CCCERA accounts for 16.2% of SPF-II.

As of March 31, the portfolio was invested in 16 properties - five office properties (44.6%), ten residential complexes (49.3%), and one retail (6.2%). The regional distribution of the portfolio contains 13.4% in the Southeast region, 8.0% in the Southwest region, 4.8% in the Pacific region, 8.9% Northeast, 10.5% Mountain, 0.0% East North Central, and 54.4% Mideast. Current occupancy at the office buildings averages 100%, remaining the same from last quarter. The residential properties are 71% leased, higher than the last quarter. The retail properties are 94% leased, also higher than the last quarter.

SPF-II is required to distribute at least 90% of its taxable net income on an annual basis. SPF-II typically distributes 100% of taxable income from operations on a quarterly basis, in arrears.

As of March 31, 2006, SPF-II declared a dividend of $84.64 per share or approximately $8.7 million for the first quarter 2006. The dividend was paid to investors on April 28, 2006. Since inception, SPF-II has paid dividends of approximately $149.3 million or 72.7% of the total capital called from investors. Dividend distribution, which investors can elect to re-invest, are anticipated to continue to be paid on a quarterly basis.

On April 19, 2006, SPF-II declared a $24.6 million distribution representing a $12.6 million return of capital and $12.0 million gain generated from the sale of 1090 Vermont Ave. The distribution was paid to investors on April 25, 2006. As of April 30, 2006, SPF-II has returned $113.8 million of capital representing 55.4% of the total capital called from investors

**U.S. Realty**

For the first quarter, US Realty reported a total return of 4.5%. For the one-year period, US Realty reported a total return of -19.9%. CCCERA has a 33.3% interest in the investment.

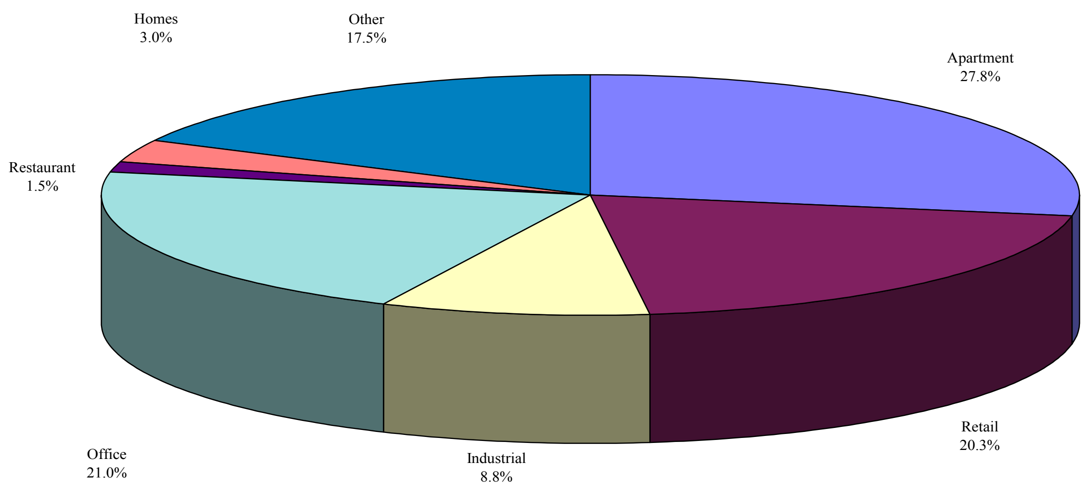
As of March 31, the portfolio held one investment: Four Allegheny Center (office property). Four Allegheny Center is a 242,490 gross square foot office building with 231,426 square feet of net rentable area located in what is known as the Northshore area of Pittsburgh, Pennsylvania. The tenant under the lease is Allegheny General Hospital, which is current on its lease obligations. West Penn Allegheny Health System, which was formed in 2000, has assumed AGH's obligation under the lease.

In response to the request of the Members of the Fund, Four Allegheny Center, was offered for sale through a national brokerage firm. A letter of intent to sell the property was entered into with Patriot Equities of Wayne, Pennsylvania during the fourth quarter, and a contract to sell the property was signed with Patriot in January 2006. This contract was terminated by Patriot in February 2006 because of the determination by its lender (GE Electric Credit Real Estate) to reduce the loan that it was willing to make. After further efforts to sell the property to other investors and further negotiations with Patriot, a new contract of sale has been signed with Patriot for a purchase price of $17 million cash ($1 million less than under the prior contract with Patriot) and a deferred payment of up to $1.0 million.

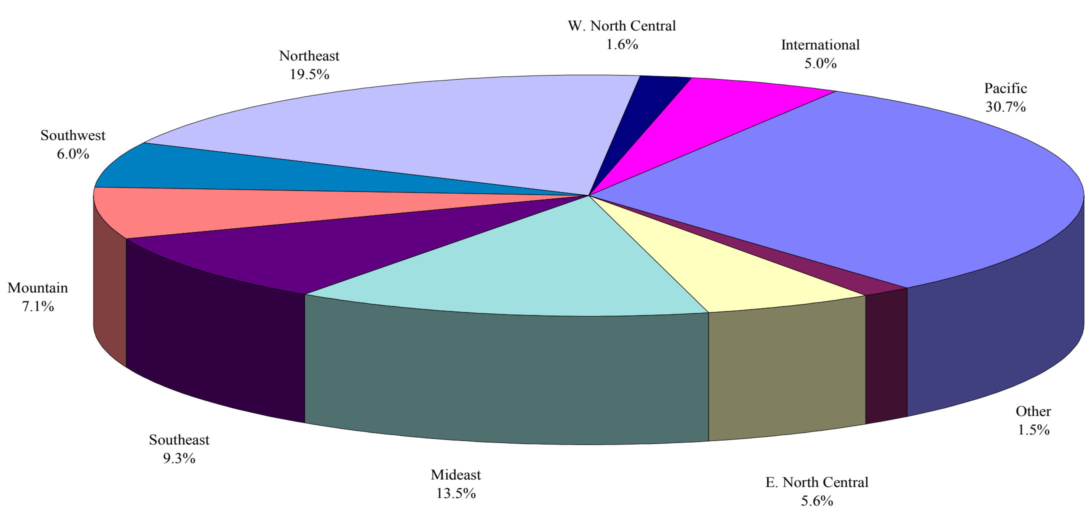
# MANAGER COMMENTS – REAL ESTATE

## Total Real Estate Diversification

**Diversification by Property Type**




**Diversification by Geographic Region**



## MANAGER COMMENTS - ALTERNATIVE INVESTMENTS

### Adams Street Partners

Adams Street reported a fourth quarter return of 7.2% for Partnership Trust. For the one-year period, Adams Street has returned 16.9%. (Performance lags by one quarter due to financial reporting constraints. This is typical for this type of investment vehicle.) The portfolio will still be acquiring investments for several years. CCCERA makes up 3.0% of the Fund.

Funds are comprised of 40.0% in venture capital funds, 7.9% in mezzanine funds, 34.4% in buyout funds, 10.6% in special situation funds, and 7.1% in restructuring/distressed debt. Regionally 83.9% of the commitment is in the U.S. and 16.1% is non-U.S.

### Bay Area Equity Fund

Bay Area Equity Fund reported a fourth quarter return of 5.5% (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned 7.8%. CCCERA has a 12% ownership interest in the Fund.

During the fourth quarter, the portfolio consisted of nine properties. The properties are 100% in California.

The aggregate capital commitment of the limited partners is $74,500,000. The General Partner's capital commitment is $500,000 or 0.667% of the aggregate capital contributions of all partners. As of December 31, 2005, 38% or $28,500,000 of the Partnership's total capital commitments has been called. The Partnership will continue until the close of business on December 31, 2012, unless terminated sooner. The General Partner may extend the term of the Partnership for up to one two-year period at its sole discretion.

### Energy Investors Funds Group

The Energy Investors Fund Group (EIF) reported a fourth quarter return of 3.2%. CCCERA has a 12.0% ownership interest in EIF. (Performance lags by one quarter due to financial reporting constraints. This is typical for this type of investment vehicle.) For the one-year period, EIF reports a total return of 32.4%.

The Fund had another active year, investing approximately $62.4 million in new investment and fully committing USPF 18 months ahead of the maturity of the Fund's five-year investment period. The Fund's portfolio of investments continued to perform well, with cash distributions $5.3 million above budget. In 200, the Fund distributed $60.5 million to the investors, bringing total distributions since inception to $116.0 million.

EIF acquired limited partnership interests in the Fund totaling 15.8% through two separate transactions, both of which closed in the fourth quarter. EIF acquired 1) the entire 11.2% interest previously held by Quixx Corporation and 2) a 4.6% interest formerly held by Dresdner Bank AG London Branch (Dresdner). The balance of Dresdner's interest in the Fund (13.79%) was acquired by an unrelated third party. EIF is now the largest limited partner in the Fund.

**Nogales Investors Fund I**

The Nogales Investors Fund I reported a fourth quarter return of 7.0%. (Performance lags by one quarter due to financial reporting constraints. This is typical for this type of investment vehicle). For the one-year period, Nogales has returned 17.2%. CCCERA makes up 15.1% of the Fund.

During the quarter ended September 30, 2005, the total committed to the Partnership was $98,800,000 consisting of Limited and General Partner's capital commitments of $97,000,000 and $1,800,000, respectively.

For the quarter end September 30, 2005, the Partnership made a series of cash distributions to all Limited Partners totaling $753,037. These distributions were in connection with the Partnership's investments in G.I. Joe's, Inc., Alfa Leisure, Inc., and VKGS, LLC.

**Pathway Private Equity Fund**

The Pathway Private Equity Fund (PPEF) reported a fourth quarter return of 7.6% (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, PPEF reported a total return of 33.6%. PPEF contains a mixture of acquisition-related, venture capital, and other special equity investments.

As of December 31, 2005, the PPEF portfolio has made $34.1 million in contributions, which represents 76% of the fund's total commitments. During the quarter, the PPEF portfolio received $1.5 million in distributions, increasing the total distributions received to $12.9 million.

The PPEF portfolio generated a 7.6% return, marking the 11$^{th}$ consecutive quarter that the portfolio has generated a positive return. The PPEF portfolio strong quarterly return was primarily attributable to the positive performance of TPG III, GTCR VIII, and Madison Dearborn IV, which collectively generated a quarterly return of 19.9%

**PT Timber Fund III**

John Hancock reported for Fund III a first quarter return of -0.3%.  For the one-year period, John Hancock reports a total return of 8.4%. CCCERA makes up 12.3% of the Fund III.

As of the end of the first quarter, PT timberland portfolio was comprised of six properties totaling 78,643 acres: Tyrell in North Carolina, Covington in Alabama and Florida, Bonifay in Florida, Choctaw in Mississippi, Alexander Plantations LLC in Alabama, Louisiana and Mississippi, and Hamakua in Hawaii.

The Fund closed a 497 acre land sale on the Bonifay property during the first quarter. Gross proceeds were $3.2 million or about $6,500 per acre.

Given the unique nature of the PT-3's investment in the Hamakua property in Hawaii, in addition to its normal investment management activities the Fund is proactively seeking to develop markets for both pulpwood chips and solid lumber products by seeking to attract the development of value adding processing facilities in Hawaii.

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## REAL ESTATE AND ALTERNATIVE INVESTMENT PORTFOLIO IRR RETURNS

| | Gross of Fees | | Net of Fees | | |
|---|---|---|---|---|---|
| | **Fund Level IRR** | **CCCERA IRR** | **Fund Level IRR** | **CCCERA IRR** | **Inception** |
| **REAL ESTATE** | | | | | |
| **BlackRock Realty** | **34.2%** | **32.1%** | **28.2%** | **26.4%** | **11/19/04** |
| **DLJ RECP I** | **17.0%** | ***n/a*** | ***n/a*** | **10.0%** | **05/14/96** |
| **DLJ RECP II** | **30.0%** | ***n/a*** | ***n/a*** | **21.0%** | **09/24/99** |
| **DLJ RECP III** | **64.0%** | ***n/a*** | ***n/a*** | **25.0%** | **06/23/05** |
| **FFCA** | ***n/a*** | ***n/a*** | ***n/a*** | ***n/a*** | **03/11/92** |
| **Fidelity** | **18.6%** | **15.6%** | **14.1%** | **14.7%** | **03/10/04** |
| **Hearthstone I** | ***n/a*** | ***n/a*** | **4.2%** | **4.2%** | **06/15/95** |
| Benchmark [1] | *n/a* | *n/a* | 17.0% | 17.0% | |
| **Hearthstone II** | ***n/a*** | ***n/a*** | **30.0%** | **30.0%** | **06/17/98** |
| Benchmark [2] | *n/a* | *n/a* | 17.0% | 17.0% | |
| **Invesco Real Estate I** | **27.1%** | **27.1%** | **25.2%** | **25.2%** | **2/1/2005** |
| **Prudential SPF II** | ***n/a*** | ***n/a*** | ***n/a*** | ***n/a*** | **05/14/96** |
| **U.S. Realty** | **12.6%** | **12.6%** | **11.8%** | **11.8%** | **10/10/95** |
| **ALTERNATIVE INVESTMENTS** | | | | | |
| **Adams Street Partners** | **16.0%** | **16.0%** | ***n/a*** | **13.1%** | **12/22/95** |
| Benchmark [3] | 10.6% | *n/a* | *n/a* | *n/a* | |
| Benchmark [4] | -0.1% | *n/a* | *n/a* | *n/a* | |
| **Bay Area Equity Fund** | **8.3%** | **9.3%** | **-15.6%** | **-17.4%** | **06/14/04** |
| **Energy Investor Fund** | **32.9%** | **43.6%** | **27.1%** | **35.2%** | **11/26/03** |
| **Nogales** | **17.3%** | **14.3%** | **3.0%** | **2.1%** | **02/15/04** |
| **Pathway** | **8.5%** | **8.5%** | **5.9%** | **5.9%** | **11/09/98** |
| Benchmark [5] | 11.6% | *n/a* | *n/a* | *n/a* | |
| Benchmark [6] | -5.7% | *n/a* | *n/a* | *n/a* | |
| **PruTimber** | ***n/a*** | ***n/a*** | **2.6%** | **2.7%** | **12/12/95** |

Benchmarks:

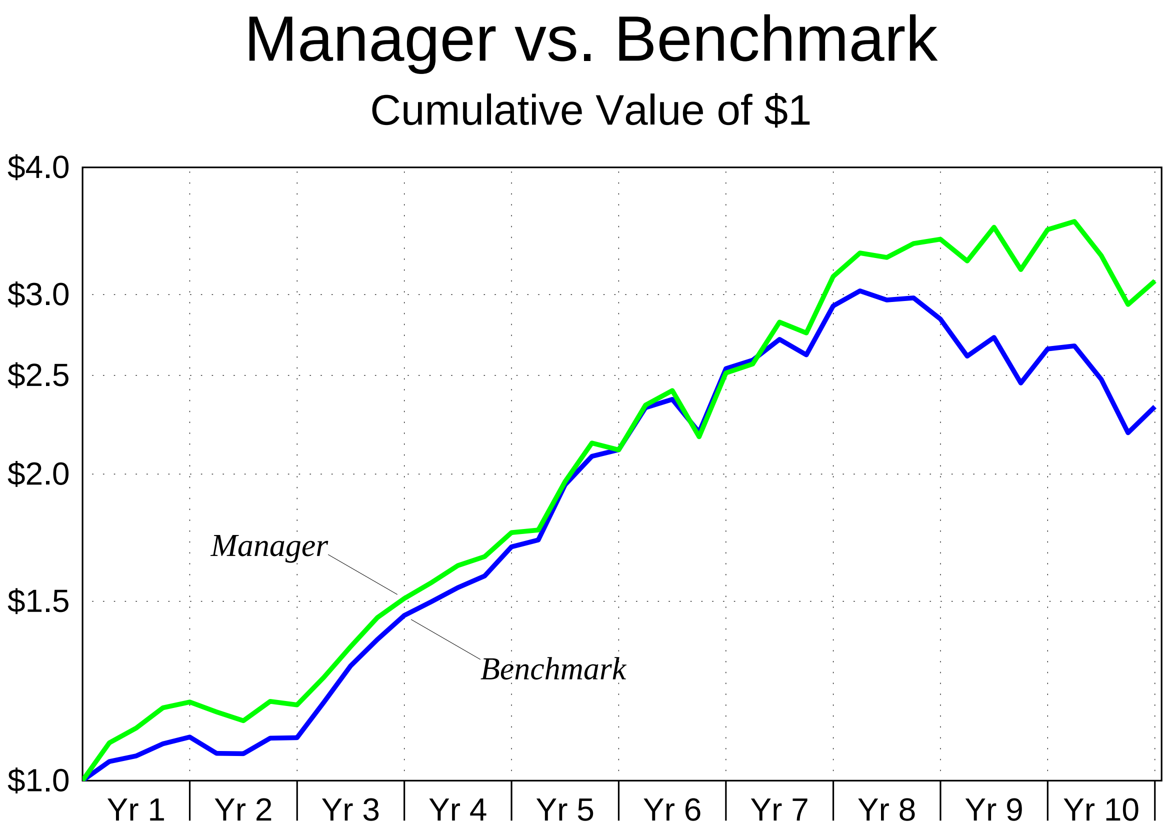
Adams Street Partners

- Benchmark [3] — Venture Economic aggregate upper quartile return for vintage years 1996-2004
- Benchmark [4] — Venture Economic aggregate median quartile return for vintage years 1996-2004

Pathway

- Benchmark [5] — Venture Economics Buyout Pooled IRR - 1999-2004 as of 6/30/04
- Benchmark [6] — Venture Economics Venture Capital IRR - 1999-2004 as of 6/30/04

**How to Read the Cumulative Return Chart:**

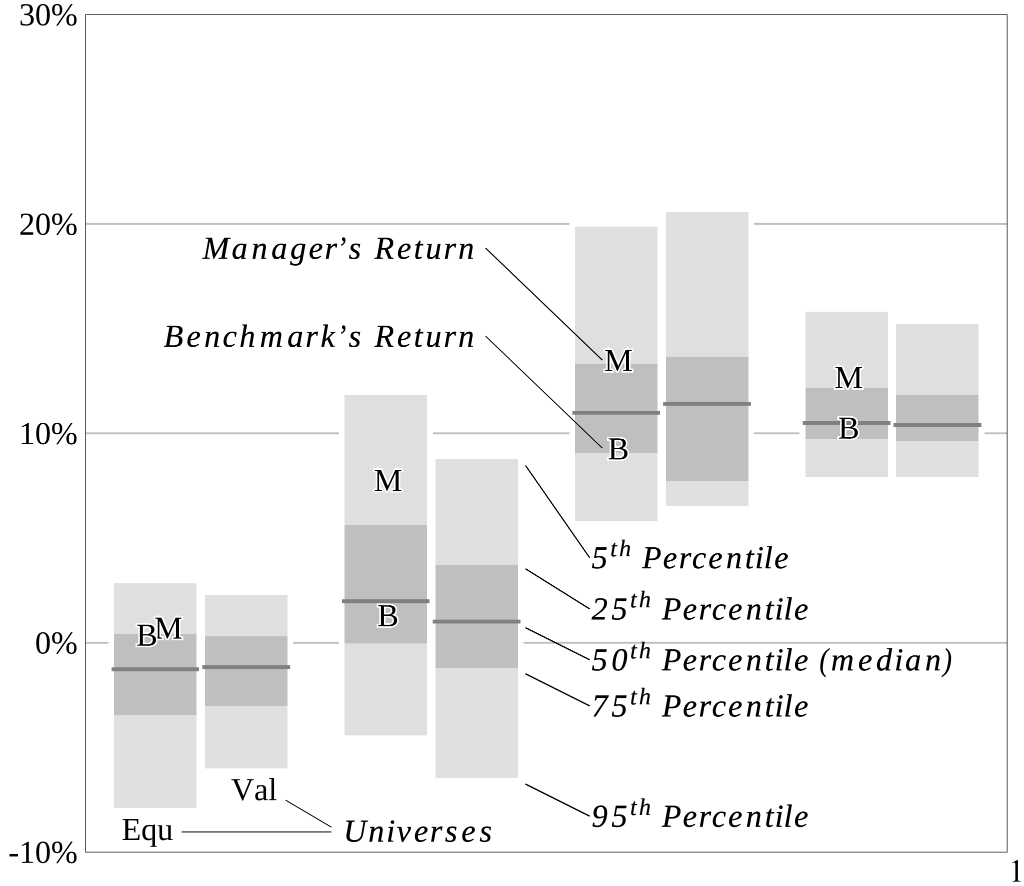



This chart shows the growth of $1 invested in the 1st quarter of Year 1 with the manager vs. $1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if $1 had been invested with the manager at the beginning of the 1st quarter of 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:**




| | Last Qtr | 1 Yr | 3 Yrs | 5 Yrs |
|---|---|---|---|---|
| Manager (**M**) | 0.8 | 7.8 | 13.5 | 12.7 |
| *Rank v. Equity* | *18* | *13* | *23* | *19* |
| *Rank v. Value* | *15* | *10* | *25* | *12* |
| Benchmark (**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$^{th}$ percentile of the universe (better than 95% of managers), while the box bottom is the return at the 95$^{th}$ percentile. The shading changes at the 25$^{th}$ and 75$^{th}$ percentiles. The 50$^{th}$ 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, Alpha = Portfolio Return - Risk Free Rate - Beta * (Market Return - 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.

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