

QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT  
for

Contra Costa County  
Employees' Retirement  
Association

FOR THE PERIOD ENDING  
*September 30, 2011*

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November 21, 2011

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## MARKET OVERVIEW

### *Domestic Equity Markets*

During the third quarter of 2011 US equities fell sharply, driven largely by fears of Euro zone solvency and concern about the European Central Bank's willingness and ability to respond. Additionally, the protracted debate regarding the United States debt ceiling negatively impacted domestic equity markets. The S&P 500 returned -13.9% versus 0.1% in the second quarter. Small cap stocks had an even sharper decline, with the Russell 2000® Index down -21.9% versus down -1.6% for the prior quarter.

Nine of the S&P 500 sectors had negative returns during the third quarter; the only positive return was in Utilities (1.6%). The Materials sector had the greatest decline (-24.1%), followed by Financials (-22.9%), Industrials (-21.0%), Energy (-20.6%), Consumer Discretionary (-13.0%), Healthcare (-10.1%), Telecom Services (-8.0%), Information Technology (-7.6%), and Consumer Staples (-4.3 %).

In the quarter, Growth stocks outperformed Value securities in the large cap market segment, while Value performed better than Growth in the small cap market segment. In domestic large capitalization, the Russell 1000® Growth Index returned -13.1% compared to the Russell 1000® Value Index return of -16.2%. In small caps, the Russell 2000® Growth Index returned -22.3% while the Russell 2000® Value Index returned -21.5%.

### *International Equity Markets*

International equity markets fell during the quarter as fears regarding solvency in the Euro-zone came to a head, and as the threat of a contracted credit market, such as seen 2008, become a possibility. The MSCI EAFE Index returned -19.0% during the quarter. The strengthening dollar reduced results for US investors as the MSCI EAFE return prior to translation into US\$ was -15.7%. The European portion of EAFE had a return of -22.6%, while the MSCI Pacific Index had a return of -11.7%.

### *Domestic Bond Markets*

The Barclays Capital Aggregate Bond Index returned 3.8% during the quarter. Continuing the trend of last quarter, longer-duration bonds outperformed shorter-duration bonds. The Barclays Capital Long Government/Credit Index returned 15.6% while the shorter Barclays Capital 1-3 Year Government/Credit Index returned 0.3%. Government issues outperformed credit issues in the quarter. The Barclays Capital Credit Index returned 3.0% compared to 6.5% for the Barclays Capital Treasury Index. The Barclays Mortgage Index returned 2.4%, while high yield securities trended with equity returns as the Merrill Lynch High Yield Master II Index returned -6.3%.

### *Real Estate*

The domestic real estate market, as measured by the NCREIF ODCE Property Index, was up 3.5% for the third quarter of 2011. The FTSE NAREIT Equity Index, which measures the domestic public REIT market, returned -14.7%. Global real estate securities, as measured by the FTSE EPRA/NAREIT Global Developed Markets Index, returned -17.7%.

## KEY POINTS

### *Third Quarter, 2011*

- The CCCERA Total Fund returned -8.8% for the third quarter, nearly matching the -8.7% return of the median total fund and better than the -9.2% return of the median public fund. CCCERA Total Fund performance has been first quartile through the past two years, near the public fund median over the past three through five-year periods and well above median over the seven through ten-year periods.
- CCCERA domestic equities returned -16.7% in the quarter, trailing the -15.3% return of the Russell 3000® Index and the -15.8% return of the median equity manager, ranking in the 56<sup>th</sup> percentile of equity managers.
- CCCERA international equities returned -19.0% for the quarter, matching the -19.0% return of the MSCI EAFE Index and exceeding the -20.4% return of the median international equity manager.
- CCCERA global equities returned -15.1% in the quarter, better than the MSCI ACWI return of -17.3% and ranking in the 21<sup>st</sup> percentile of global equity managers.
- CCCERA U.S. fixed income returned 1.0% for the quarter, lagging the Barclays U.S. Universal return of 2.9% and the median fixed income manager return of 1.5%.
- CCCERA global fixed income returned 0.6%, trailing the 1.0% return of the Barclays Global Aggregate Index. This return ranked in the 35<sup>th</sup> percentile of global fixed income managers.
- CCCERA alternative assets returned 5.5% for the quarter, exceeding the target -13.0% return of the S&P 500 + 400 basis points per year.
- CCCERA real estate returned -7.6% for the quarter. This return trailed the median real estate manager return of 2.0% and the CCCERA real estate benchmark return of -1.5%.
- The CCCERA opportunistic allocation returned -3.1% in the third quarter.
- The total equity allocation stood at 46.1% at the end of the quarter, which was below its target weight of 48.1%. Investment grade fixed income was above its target at 30.5% versus 27.7%. Alternative investments remained below their long-term target. U.S. equities are the “parking place” for assets intended for alternative investments.
- New manager target allocations will be implemented within the next few months as a result of the recent asset allocation study.

## WATCH LIST

<u>Manager</u>	<u>Since</u>	<u>Reason</u>
Adelante	2/25/2009	Performance
Goldman Sachs	9/1/2010	Personnel Changes
INVESCO IREF I, II	2/24/2010	Performance
Nogales Investors	5/28/2008	Performance

- Adelante's return of was better than its benchmark in the third quarter. Longer-term results mostly lag the benchmark. An on-site visit to Adelante was conducted recently.
- Goldman Sachs was placed on the Watch List due to continuing personnel changes within the fixed income team. Further changes have occurred since that time, most recently with the departure of Gregg Felton and the addition of Kent Wosepka as head of global credit research in January 2011. Performance has remained competitive. Given the stability of the team since the beginning of the year, we recommend removing Goldman Sachs from the Watch List.
- Both INVESCO real estate funds performed well over the past year, but they continue to rank poorly in the real estate universe over longer trailing time periods.
- Nogales will remain on the Watch List until the fund is completely wound down.

## SUMMARY

CCCERA's third quarter return of -8.8% nearly matched the median total fund and was better than the median public fund. Performance was strong over the past two years. CCCERA has performed near the medians over the past three, four and five-year periods. CCCERA has outperformed both medians over trailing time periods longer than five years.

CCCERA total domestic equities returned -16.7% for the quarter, trailing the -15.3% return of the Russell 3000® and the -15.8% return of the median manager. Of CCCERA's domestic equity managers, Delaware had the best absolute results with a -10.2% return, better than the Russell 1000® Growth Index return of -13.1%. PIMCO returned -14.5%, trailing the S&P 500 return of -13.9%. Intech Enhanced Plus also returned -14.5%, trailing the S&P 500. Intech Large Cap Core returned -15.3%, also trailing the S&P 500 Index. Robeco returned -17.4%, trailing the -16.2% return of the Russell 1000® Value Index. Wentworth Hauser returned -18.5%, trailing the S&P 500. State Street (former Rothschild) returned -21.2%, better than the Russell 2000® Value return of -21.5%. Finally, Emerald returned -23.6%, trailing the -22.3% return of the Russell 2000® Growth Index.

CCCERA international equities returned -19.0%, matching the -19.0% return of the MSCI EAFE Index and better than the -20.4% return of the median international manager. The GMO Intrinsic Value portfolio returned -19.0%, matching the -19.0% return of the MSCI EAFE Value Index. The William Blair portfolio returned -18.9%, better than the MSCI ACWI ex-US Growth Index return of -20.1%.

CCCERA global equities returned -15.1%, better than the -17.3% return of the MSCI ACWI benchmark and the -19.9% return of the median international manager. The J.P. Morgan portfolio returned -20.1%, trailing the -17.3% return of the MSCI ACWI Index. The First Eagle portfolio returned -9.5%, significantly better than the MSCI ACWI Index return of -17.3%. Finally, Tradewinds returned -10.6%, also significantly better than the ACWI return of -17.3%.

CCCERA total domestic fixed income returned 1.0% for the third quarter, trailing the 2.9% return of the Barclays Universal Index and the 1.5% return of the median fixed income manager. AFL-CIO returned 3.4% which trailed the Barclays U.S. Aggregate return of 3.8% but was better than the median fixed income manager. Goldman Sachs also returned 3.4%, trailing the Barclays U.S. Aggregate Index but exceeding the median fixed income manager. Lord Abbett returned 2.8%, trailing the Barclays U.S. Aggregate but exceeding the median fixed income manager. PIMCO returned 0.5%, trailing the Barclays U.S. Aggregate and the median. The Torchlight II fund returned 0.5%, significantly exceeding the ML High Yield II Index and the high yield fixed income median. The workout portfolio returned -3.0%, trailing the Barclays Aggregate. The Torchlight Fund III returned -3.7% in the third quarter, better than the Merrill Lynch High Yield II Index return of -6.3%. Allianz Global returned -5.0%, which was better than the -6.3% return of the ML High Yield II Index and exceeded the -6.5% return of the median high yield manager.

Lazard Asset Management returned 0.6% in the third quarter, which trailed the Barclays Global Aggregate return of 1.0% and ranked in the 35<sup>th</sup> percentile of global fixed income portfolios.

CCCERA total alternative investments returned 5.5% in the third quarter. Bay Area Equity Fund returned 53.8%, Paladin III returned 9.4%, Adams Street Partners returned 5.1%, Energy Investor Fund II returned 4.8%, Nogales returned 4.5%, Pathway returned 3.0%, Carpenter Community Bancfund returned 1.5%, Energy Investor Fund returned -0.7% and Energy Investor Fund III returned -2.9%. (Due to timing constraints, all alternative portfolio returns are for the quarter ending June 30, 2011.)



The median real estate manager returned 2.0% for the quarter while CCCERA's total real estate returned -7.6%. Invesco Fund II returned 14.3%, DLJ's RECP II returned 8.8%, Long Wharf III returned 5.6%, Invesco Fund I returned 3.0%, Long Wharf II returned 2.8%, DLJ's RECP IV returned 2.1%, Willows Office Property returned 1.3%, DLJ RECP III returned -2.0%, Adelante Capital REIT returned -14.1%, Invesco International REIT returned -20.7% and BlackRock Realty returned -28.6%. (Due to timing constraints, the DLJ portfolio returns are for the quarter ending June 30, 2011.)

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

### **Asset Allocation**

The CCCERA fund at September 30, 2011 was above target in investment grade fixed income (30.5% vs. 27.8%) and real estate (11.9% vs. 11.5%). Asset classes below their respective targets included equity (46.1% vs. 48.1%) and alternatives (6.1% vs. 7.0%). Assets earmarked for alternative investments are temporarily invested in U.S. equities.

### **Private Investment Commitments**

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

Within real estate, commitments include: \$15 million to DLJ RECP I; \$40 million to DLJ RECP II; \$75 million to DLJ III, \$100 million to DLJ IV; \$25 million to the BlackRock Realty Apartment Value Fund III; \$50 million to INVESCO I; \$85 million INVESCO II; \$50 million to Fidelity II; and \$75 million to Fidelity III.

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

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

## Performance Compared to Investment Performance Objectives

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

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

### Summary of Managers Compliance with Investment Performance Objectives As of September 30, 2011

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

**Summary of Managers Compliance with Investment Performance Objectives (cont)  
As of September 30, 2011**

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

**ASSET ALLOCATION**  
**As of September 30, 2011**

	<u>Market Value</u>	<u>% of Portion</u>	<u>% of Total</u>	<u>Target % of Total</u>
<b>EQUITY - DOMESTIC</b>				
Delaware Investments	\$ 266,591,976	19.8 %	5.5 %	5.5 %
Emerald	143,428,366	10.6	3.0	3.5
Intech - Enhanced Plus	20,956,473	1.6	0.4	0.4
Intech - Large Core	157,827,916	11.7	3.3	3.4
PIMCO	202,591,800	15.0	4.2	2.5
Robeco	245,033,750	18.2	5.0	5.5
State Street/Rothschild	146,799,043	10.9	3.0	3.5
Wentworth	166,332,535	12.3	3.4	3.8
<b>TOTAL DOMESTIC</b>	<b>\$ 1,349,561,859</b>	<b>60.3 %</b>	<b>27.8 %</b>	<b>28.1 %</b>
<b>INTERNATIONAL EQUITY</b>				
State Street Transition	\$ 261,570	0.0 %	0.0 %	0.0 %
William Blair	228,086,777	10.2	4.7	5.2
GMO Intrinsic Value	225,134,837	10.1	4.6	5.2
<b>TOTAL INT'L EQUITY</b>	<b>\$ 453,483,184</b>	<b>20.3 %</b>	<b>9.3 %</b>	<b>10.4 %</b>
<b>GLOBAL EQUITY</b>				
J.P. Morgan	\$ 204,999,319	9.2 %	4.2 %	4.8 %
First Eagle	114,712,220	5.1	2.4	2.4
Tradewinds	115,267,232	5.2	2.4	2.4
<b>TOTAL GLOBAL EQUITY</b>	<b>\$ 434,978,771</b>	<b>19.4 %</b>	<b>9.0 %</b>	<b>9.6 %</b>
<b>TOTAL EQUITY</b>	<b>\$ 2,238,023,814</b>	<b>100.0 %</b>	<b>46.1 %</b>	<b>48.1 %</b>
			<i>Range:</i>	<i>45 to 53 %</i>
<b>FIXED INCOME</b>				
AFL-CIO	\$ 188,078,778	12.7 %	3.9 %	3.4 %
Goldman Sachs Core	297,992,852	20.1	6.1	5.4
Workout (GSAM)	16,629,253	1.1	0.3	0.0
Lord Abbett	295,358,778	19.9	0.0	5.4
PIMCO	352,836,987	23.8	7.3	7.0
Torchlight II	51,344,337	3.5	1.1	0.9
Torchlight III	63,898,891	4.3	1.3	1.7
<b>TOTAL US FIXED INCOME</b>	<b>\$ 1,266,139,876</b>	<b>85.5 %</b>	<b>26.1 %</b>	<b>23.8 %</b>
<b>GLOBAL FIXED</b>				
Lazard Asset Mgmt	\$ 215,573,762	14.5 %	4.4 %	4.0 %
<b>TOTAL GLOBAL FIXED</b>	<b>\$ 215,573,762</b>	<b>14.5 %</b>	<b>4.4 %</b>	<b>4.0 %</b>
<b>TOTAL INV GRADE FIXED</b>	<b>\$ 1,481,713,638</b>	<b>100.0 %</b>	<b>30.5 %</b>	<b>27.8 %</b>
			<i>Range:</i>	<i>24 to 34 %</i>
<b>HIGH YIELD</b>				
Allianz Global Investors	\$ 174,337,868	100.0 %	3.6 %	3.0 %
<b>TOTAL HIGH YIELD</b>	<b>\$ 174,337,868</b>	<b>100.0 %</b>	<b>3.6 %</b>	<b>3.0 %</b>
			<i>Range:</i>	<i>1 to 5 %</i>

**ASSET ALLOCATION**  
**As of September 30, 2011**

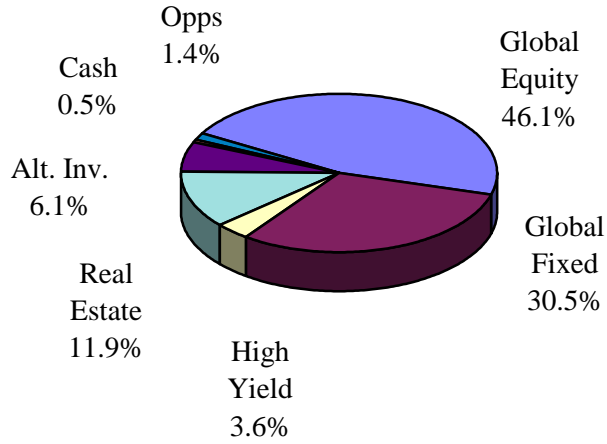
	<u>Market Value</u>	<u>% of Portion</u>	<u>% of Total</u>	<u>Target % of Total</u>
<b>REAL ESTATE</b>				
Adelante Capital	\$ 286,984,709	49.9 %	5.9 %	1.4 %
BlackRock Realty	210,473	0.0	0.0	-
DLJ RECP II	4,046,007	0.7	0.1	-
DLJ RECP III	39,764,901	6.9	0.8	-
DLJ RECP IV	45,644,968	7.9	0.9	-
Long Wharf II	13,950,750	2.4	0.3	-
Long Wharf III	39,274,875	6.8	0.8	-
Hearthstone I	66,313	0.0	0.0	-
Hearthstone II	-6,596	0.0	0.0	-
Invesco Fund I	31,372,334	5.5	0.6	-
Invesco Fund II	61,143,358	10.6	1.3	-
Invesco International REIT	44,762,944	7.8	0.9	1.0
Willows Office Property	8,000,000	1.4	0.2	-
<b>TOTAL REAL ESTATE</b>	<b>\$ 575,215,036</b>	<b>100.0 %</b>	<b>11.9 %</b>	<b>11.5 %</b>
			<i>Range:</i>	<i>8 to 14 %</i>
<b>ALTERNATIVE INVESTMENTS</b>				
Adams Street Partners	\$ 99,714,407	33.8 %	2.1 %	- %
Bay Area Equity Fund	16,097,133	5.5	0.3	-
Carpenter Bancfund	22,400,477	7.6	0.5	-
Energy Investor Fund	2,927,120	1.0	0.1	-
Energy Investor Fund II	43,582,801	14.8	0.9	-
Energy Investor Fund III	20,424,307	6.9	0.4	-
Nogales	2,802,052	0.9	0.1	-
Paladin III	13,078,329	4.4	0.3	-
Pathway Capital	74,236,399	25.1	1.5	-
<b>TOTAL ALTERNATIVE</b>	<b>\$ 295,263,025</b>	<b>100.0 %</b>	<b>6.1 %</b>	<b>7.0 %</b>
			<i>Range:</i>	<i>5 to 9 %</i>
<b>OPPORTUNISTIC</b>				
Goldman Sachs Opps	\$ 41,162,259	62.0 %	0.8 %	1.3 %
Oaktree PIF 2009	25,204,941	38.0	0.5	0.8
<b>TOTAL OPPORTUNISTIC</b>	<b>\$ 66,367,200</b>	<b>100.0 %</b>	<b>1.4 %</b>	<b>2.1 %</b>
<b>CASH</b>				
Custodian Cash	\$ 20,664,657	90.5 %	0.4 %	- %
Treasurer's Fixed	2,178,000	9.5	0.0	-
<b>TOTAL CASH</b>	<b>\$ 22,842,657</b>	<b>100.0 %</b>	<b>0.5 %</b>	<b>0.5 %</b>
			<i>Range:</i>	<i>0 to 1 %</i>
<b>TOTAL ASSETS</b>	<b>\$ 4,853,763,238</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

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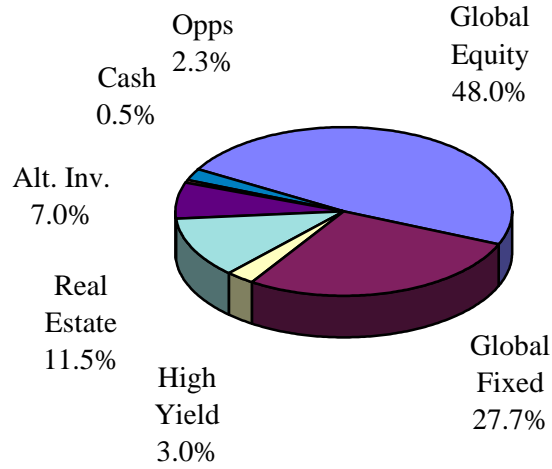
# ASSET ALLOCATION

As of September 30, 2011

## CCCERA Asset Allocation



## Target Asset Allocation



**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through Third Quarter, 2011**

<b>DOMESTIC EQUITY</b>	<b>3 Mo</b>	<b>1 Yr</b>	<b>2 Yr</b>	<b>3 Yr</b>	<b>4 Yr</b>	<b>5 Yr</b>	<b>7 Yr</b>	<b>10 Yr</b>
<b>Delaware</b>	<b>-10.2 %</b>	<b>6.8 %</b>	<b>11.2 %</b>	<b>8.0 %</b>	<b>-2.0 %</b>	<b>2.2 %</b>	<b>- %</b>	<b>- %</b>
<i>Rank vs Equity</i>	<i>13</i>	<i>6</i>	<i>7</i>	<i>7</i>	<i>29</i>	<i>26</i>	<i>-</i>	<i>-</i>
<i>Rank vs Lg Growth</i>	<i>7</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>24</i>	<i>27</i>	<i>-</i>	<i>-</i>
<b>Emerald Advisors</b>	<b>-23.6</b>	<b>1.5</b>	<b>9.4</b>	<b>3.7</b>	<b>-3.4</b>	<b>0.8</b>	<b>5.1</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>93</i>	<i>28</i>	<i>14</i>	<i>31</i>	<i>44</i>	<i>41</i>	<i>30</i>	<i>-</i>
<i>Rank vs Sm Cap Growth</i>	<i>89</i>	<i>46</i>	<i>40</i>	<i>58</i>	<i>76</i>	<i>79</i>	<i>70</i>	<i>-</i>
<b>Intech - Enhanced Plus</b>	<b>-14.5</b>	<b>1.8</b>	<b>6.7</b>	<b>1.6</b>	<b>-4.2</b>	<b>-0.7</b>	<b>3.1</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>37</i>	<i>26</i>	<i>38</i>	<i>54</i>	<i>52</i>	<i>59</i>	<i>58</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>58</i>	<i>14</i>	<i>15</i>	<i>33</i>	<i>20</i>	<i>30</i>	<i>21</i>	<i>-</i>
<b>Intech - Large Core</b>	<b>-15.3</b>	<b>1.2</b>	<b>6.3</b>	<b>1.4</b>	<b>-4.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>46</i>	<i>33</i>	<i>41</i>	<i>58</i>	<i>52</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>78</i>	<i>34</i>	<i>17</i>	<i>42</i>	<i>20</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>PIMCO Stocks Plus</b>	<b>-14.5</b>	<b>1.5</b>	<b>7.9</b>	<b>3.6</b>	<b>-5.0</b>	<b>-1.1</b>	<b>2.3</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>37</i>	<i>28</i>	<i>23</i>	<i>32</i>	<i>63</i>	<i>67</i>	<i>81</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>58</i>	<i>18</i>	<i>6</i>	<i>7</i>	<i>43</i>	<i>49</i>	<i>84</i>	<i>-</i>
<b>Robeco Boston Partners</b>	<b>-17.4</b>	<b>-2.1</b>	<b>2.4</b>	<b>0.4</b>	<b>-4.8</b>	<b>-0.7</b>	<b>3.9</b>	<b>4.8</b>
<i>Rank vs Equity</i>	<i>60</i>	<i>68</i>	<i>81</i>	<i>76</i>	<i>60</i>	<i>58</i>	<i>46</i>	<i>50</i>
<i>Rank vs Lg Value</i>	<i>68</i>	<i>55</i>	<i>62</i>	<i>42</i>	<i>22</i>	<i>18</i>	<i>14</i>	<i>31</i>
<b>State Street/Rothschild</b>	<b>-21.2</b>	<b>-3.8</b>	<b>3.8</b>	<b>-2.8</b>	<b>-4.9</b>	<b>-1.4</b>	<b>3.8</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>83</i>	<i>78</i>	<i>72</i>	<i>95</i>	<i>62</i>	<i>76</i>	<i>48</i>	<i>-</i>
<i>Rank vs Sm Cap Value</i>	<i>56</i>	<i>40</i>	<i>65</i>	<i>99</i>	<i>77</i>	<i>70</i>	<i>64</i>	<i>-</i>
<b>Wentworth, Hauser</b>	<b>-18.5</b>	<b>-2.0</b>	<b>1.5</b>	<b>1.4</b>	<b>-4.8</b>	<b>-0.8</b>	<b>2.6</b>	<b>3.1</b>
<i>Rank vs Equity</i>	<i>65</i>	<i>67</i>	<i>86</i>	<i>57</i>	<i>60</i>	<i>62</i>	<i>69</i>	<i>74</i>
<i>Rank vs Lg Core</i>	<i>92</i>	<i>88</i>	<i>92</i>	<i>42</i>	<i>35</i>	<i>33</i>	<i>43</i>	<i>46</i>
<b>Total Domestic Equities</b>	<b>-16.7</b>	<b>0.5</b>	<b>6.1</b>	<b>2.3</b>	<b>-4.3</b>	<b>-0.4</b>	<b>3.3</b>	<b>3.1</b>
<i>Rank vs Equity</i>	<i>56</i>	<i>46</i>	<i>43</i>	<i>45</i>	<i>53</i>	<i>54</i>	<i>56</i>	<i>74</i>
Median Equity	-15.8	0.1	5.7	1.9	-4.0	0.1	3.6	4.9
S&P 500	-13.9	1.2	5.6	1.2	-5.2	-1.2	2.3	2.8
Russell 3000®	-15.3	0.6	5.6	1.4	-4.9	-0.9	2.7	3.5
Russell 1000® Value	-16.2	-1.9	3.4	-1.5	-7.6	-3.5	1.6	3.4
Russell 1000® Growth	-13.1	3.8	8.1	4.7	-2.4	1.6	3.6	3.0
Russell 2000®	-21.9	-3.5	4.6	-0.4	-4.1	-1.0	3.0	6.1
Russell 2000® Value	-21.5	-6.0	2.5	-2.8	-5.3	-3.1	2.0	6.5
Russell 2000® Growth	-22.3	-1.1	6.5	2.1	-3.1	1.0	3.9	5.5
<b>INT'L EQUITY</b>								
<b>GMO Intrinsic Value</b>	<b>-19.0</b>	<b>-7.4</b>	<b>-3.0</b>	<b>-2.2</b>	<b>-9.5</b>	<b>-3.4</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>33</i>	<i>24</i>	<i>65</i>	<i>85</i>	<i>80</i>	<i>77</i>	<i>-</i>	<i>-</i>
<b>William Blair</b>	<b>-18.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>30</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Int'l Equities</b>	<b>-19.0</b>	<b>-9.6</b>	<b>-2.4</b>	<b>-2.8</b>	<b>-11.2</b>	<b>-4.3</b>	<b>3.6</b>	<b>5.8</b>
<i>Rank vs Int'l Eq</i>	<i>32</i>	<i>38</i>	<i>53</i>	<i>89</i>	<i>93</i>	<i>91</i>	<i>75</i>	<i>75</i>
Median Int'l Equity	-20.4	-10.5	-2.0	0.4	-7.6	-1.6	5.4	7.1
MSCI EAFE Index	-19.0	-8.9	-2.8	-0.7	-9.0	-3.0	3.8	5.5
MSCI ACWI ex-US	-19.8	-10.4	-1.6	1.0	-7.9	-1.1	5.6	7.3
MSCI EAFE Value Index	-19.0	-10.0	-5.9	-1.6	-10.3	-4.6	3.0	5.5
MSCI ACWI ex-US Growth	-20.1	-10.8	-0.1	0.8	-7.8	-0.7	5.5	6.7

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



**CUMULATIVE PERFORMANCE STATISTICS**  
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	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>GLOBAL EQUITY</b>								
J.P. Morgan Global	-20.1 %	-9.1 %	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	48	38	-	-	-	-	-	-
First Eagle	-9.5	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	7	-	-	-	-	-	-	-
Tradewinds	-10.6	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	9	-	-	-	-	-	-	-
Total Global Equity	-15.1	-3.5	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	21	17	-	-	-	-	-	-
Median Global Equity	-19.9	-10.4	-1.3 %	0.9 %	-7.6 %	0.0 %	-	-
MSCI ACWI Index	-17.3	-5.5	1.4	1.1	-6.6	-1.1	4.0 %	-
MSCI World Index	-16.5	-3.8	1.6	0.5	-6.8	-1.7	3.4	4.2 %
<b>DOMESTIC FIXED INCOME</b>								
AFL-CIO Housing	3.4	5.2	6.7	7.9	7.2	6.8	5.9	6.1
<i>Rank vs Fixed Income</i>	24	27	52	57	36	38	38	35
Goldman Sachs	3.4	5.3	7.3	-	-	-	-	-
<i>Rank vs Fixed Income</i>	23	24	37	-	-	-	-	-
Torchlight II*	0.5	30.0	36.7	3.1	-10.0	-7.6	-	-
<i>Rank vs High Yield</i>	1	1	1	98	98	98	-	-
Torchlight III*	-3.7	-0.1	9.0	-	-	-	-	-
<i>Rank vs High Yield</i>	6	70	27	-	-	-	-	-
Lord Abbett	2.8	5.5	7.9	-	-	-	-	-
<i>Rank vs Fixed Income</i>	32	20	29	-	-	-	-	-
Allianz Global Investors	-5.0	3.5	10.2	12.8	7.7	7.9	7.6	8.9
<i>Rank vs High Yield</i>	19	5	9	5	1	1	3	6
PIMCO	0.5	2.5	6.9	10.0	8.0	7.6	6.6	-
<i>Rank vs Fixed Income</i>	63	69	43	24	16	17	14	-
Workout (GSAM)	-3.0	3.9	16.0	-	-	-	-	-
<i>Rank vs Fixed Income</i>	85	50	1	-	-	-	-	-
Total Domestic Fixed	1.0	4.8	8.8	9.7	6.4	6.5	6.0	6.4
<i>Rank vs Fixed Income</i>	55	33	20	30	58	54	33	25
Median Fixed Income	1.5	3.9	6.7	8.2	6.7	6.6	5.7	5.8
Median High Yield Mgr.	-6.5	1.0	8.4	10.3	4.8	5.2	5.6	7.2
Barclays Universal	2.9	4.8	6.8	8.2	6.7	6.4	5.6	5.9
Barclays Aggregate	3.8	5.3	6.7	8.0	6.9	6.5	5.6	5.7
Merrill Lynch HY II	-6.3	1.3	9.6	13.7	6.8	7.0	7.1	8.6
Merrill Lynch BB/B	-5.0	2.0	9.3	12.0	6.1	6.3	6.5	7.7
T-Bills	0.0	0.1	0.1	0.2	0.9	1.7	2.3	2.0
<b>GLOBAL FIXED INCOME</b>								
Lazard Asset Mgmt	0.6	4.8	7.2	8.1	-	-	-	-
<i>Rank vs. Global Fixed</i>	35	10	29	38	-	-	-	-
Barclays Global Aggregate	1.0	4.0	5.0	7.8	6.5	6.9	5.8	-
<b>ALTERNATIVE INVESTMENTS*</b>								
Adams Street**	5.1	29.9	19.5	7.3	6.2	10.5	13.1	8.2
Bay Area Equity Fund**	53.8	89.4	60.8	36.5	35.6	38.5	-	-
Carpenter Bancfund**	1.5	7.2	3.5	5.1	-	-	-	-
Energy Investor Fund**	-0.7	-15.4	-5.9	23.6	49.4	43.3	43.9	-
Energy Investor Fund II**	4.8	6.9	4.0	3.8	7.7	8.5	-	-
Energy Investor Fund III**	-2.9	-2.1	-7.8	-1.7	-	-	-	-
Nogales**	4.5	22.2	19.4	-10.7	-22.9	-15.4	-8.2	-
Paladin III**	9.4	17.7	12.8	12.0	-	-	-	-
Pathway**	3.0	27.0	20.8	5.7	5.4	12.7	17.7	8.4
Total Alternative	5.5	21.3	13.7	7.2	7.4	11.2	15.3	9.7
S&P 500 + 400 bps	-13.0	5.2	9.8	5.3	-1.3	2.8	6.4	6.9

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	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>REAL ESTATE*</b>								
<b>Adelante Capital REIT</b>	<b>-14.1 %</b>	<b>1.7 %</b>	<b>16.5 %</b>	<b>-1.8 %</b>	<b>-6.5 %</b>	<b>-4.1 %</b>	<b>4.9 %</b>	<b>9.1 %</b>
<i>Rank vs REITs</i>	<i>21</i>	<i>21</i>	<i>3</i>	<i>49</i>	<i>85</i>	<i>80</i>	<i>45</i>	<i>36</i>
<b>BlackRock Realty</b>	<b>-28.6</b>	<b>-28.5</b>	<b>-2.8</b>	<b>-30.7</b>	<b>-24.8</b>	<b>-17.6</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>99</i>	<i>99</i>	<i>87</i>	<i>95</i>	<i>94</i>	<i>93</i>	<i>-</i>	<i>-</i>
<b>DLJ RECP II**</b>	<b>8.8</b>	<b>28.8</b>	<b>2.0</b>	<b>-11.4</b>	<b>-4.8</b>	<b>2.4</b>	<b>12.0</b>	<b>14.3</b>
<i>Rank</i>	<i>3</i>	<i>3</i>	<i>78</i>	<i>82</i>	<i>48</i>	<i>11</i>	<i>6</i>	<i>8</i>
<b>DLJ RECP III**</b>	<b>-2.0</b>	<b>-3.5</b>	<b>-9.2</b>	<b>-14.0</b>	<b>-6.4</b>	<b>-0.4</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>71</i>	<i>85</i>	<i>93</i>	<i>87</i>	<i>72</i>	<i>37</i>	<i>-</i>	<i>-</i>
<b>DLJ RECP IV**</b>	<b>2.1</b>	<b>25.1</b>	<b>12.9</b>	<b>-23.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>49</i>	<i>5</i>	<i>27</i>	<i>92</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Long Wharf II</b>	<b>2.8</b>	<b>11.3</b>	<b>7.9</b>	<b>-21.4</b>	<b>-18.7</b>	<b>-14.7</b>	<b>-6.1</b>	<b>-</b>
<i>Rank</i>	<i>40</i>	<i>57</i>	<i>65</i>	<i>91</i>	<i>91</i>	<i>91</i>	<i>94</i>	<i>-</i>
<b>Long Wharf III</b>	<b>5.6</b>	<b>13.8</b>	<b>33.2</b>	<b>-24.4</b>	<b>-20.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>8</i>	<i>50</i>	<i>1</i>	<i>92</i>	<i>92</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Invesco Fund I</b>	<b>3.0</b>	<b>26.5</b>	<b>7.8</b>	<b>-15.1</b>	<b>-9.8</b>	<b>-4.8</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>39</i>	<i>4</i>	<i>65</i>	<i>87</i>	<i>85</i>	<i>85</i>	<i>-</i>	<i>-</i>
<b>Invesco Fund II</b>	<b>14.3</b>	<b>51.2</b>	<b>34.4</b>	<b>-41.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>97</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Invesco Int'l REIT</b>	<b>-20.7</b>	<b>-14.5</b>	<b>-2.4</b>	<b>-4.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs REITs</i>	<i>97</i>	<i>100</i>	<i>100</i>	<i>90</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Willows Office Property</b>	<b>1.3</b>	<b>-45.6</b>	<b>-24.5</b>	<b>-16.0</b>	<b>-3.6</b>	<b>-2.2</b>	<b>0.5</b>	<b>5.2</b>
<i>Rank</i>	<i>55</i>	<i>100</i>	<i>98</i>	<i>88</i>	<i>32</i>	<i>72</i>	<i>92</i>	<i>61</i>
<b>Total Real Estate</b>	<b>-7.6</b>	<b>5.7</b>	<b>13.1</b>	<b>-6.1</b>	<b>-6.8</b>	<b>-3.4</b>	<b>5.1</b>	<b>8.7</b>
<i>Rank</i>	<i>74</i>	<i>66</i>	<i>24</i>	<i>45</i>	<i>73</i>	<i>79</i>	<i>45</i>	<i>31</i>
Median Real Estate	2.0	13.8	9.8	-6.6	-4.9	-0.8	4.5	6.0
Real Estate Benchmark	-1.5	12.6	12.4	0.3	0.3	2.9	7.8	9.0
Wilshire REIT	-14.6	2.1	15.3	-2.1	-4.8	-3.1	5.0	9.1
NCREIF Property Index	3.3	16.1	10.9	-1.5	0.2	3.4	7.5	7.8
NCREIF Index + 300 bps	4.0	19.5	14.1	1.5	3.2	6.6	10.7	11.0
NCREIF Index + 500 bps	4.5	21.7	16.3	3.5	5.2	8.5	12.8	13.1
NCREIF Apartment	3.6	18.6	13.8	-0.1	0.7	3.1	7.1	7.8
NCREIF Apt + 300 bps	4.3	22.0	17.1	2.9	3.7	6.2	10.3	11.0
<b>OPPORTUNISTIC</b>								
<b>Goldman Sachs</b>	<b>-3.5</b>	<b>0.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Oaktree PIF 2009</b>	<b>-0.6</b>	<b>17.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Opportunistic</b>	<b>-3.1</b>	<b>3.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund</b>	<b>-8.8 %</b>	<b>2.9 %</b>	<b>7.3 %</b>	<b>4.2 %</b>	<b>-0.6 %</b>	<b>2.4 %</b>	<b>5.6 %</b>	<b>6.3 %</b>
<i>Rank vs. Total Fund</i>	<i>50</i>	<i>19</i>	<i>11</i>	<i>47</i>	<i>51</i>	<i>44</i>	<i>11</i>	<i>12</i>
<i>Rank vs. Public Fund</i>	<i>41</i>	<i>13</i>	<i>8</i>	<i>47</i>	<i>53</i>	<i>51</i>	<i>9</i>	<i>10</i>
Median Total Fund	-8.7	0.8	5.1	4.1	-0.5	2.1	4.2	4.8
Median Public Fund	-9.2	0.7	5.1	4.1	-0.4	2.4	4.4	5.0
CPI + 400 bps	1.5	8.1	6.6	5.3	6.3	6.4	6.7	6.9
Policy Benchmark	-9.0	2.5	6.9	0.0	0.0	0.0	0.0	0.0

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

\*\* Performance as of June 30, 2011.

Please note that the Total Fund Policy Benchmark shown above was constructed by weighting the various asset class benchmarks by their target allocations. From the third quarter of 2009 to the present period, the benchmark is 29.4% Russell 3000, 19.6% MSCI World (Gross), 25.6% Barclays U.S. Aggregate, 3.2% Bank of America High Yield Master II, 3.2% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 7% S&P 500 + 4% and 0.5% 91-Day T-Bills.

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

	Gross of Fees		Net of Fees		Inception
	Fund Level IRR	CCCERA IRR	Fund Level IRR	CCCERA IRR	
<b>FIXED INCOME</b>					
Torchlight II	-13.6%	-12.9%	-15.8%	-15.1%	07/01/06
Torchlight III	8.8%	9.5%	4.6%	5.5%	12/12/08
Oaktree	n/a	14.7%	n/a	13.1%	02/18/10
<b>REAL ESTATE</b>					
BlackRock Realty	-9.0%	-7.6%	-10.1%	-9.8%	11/19/04
DLJ RECP II	26.4%	26.5%	22.6%	18.8%	09/24/99
DLJ RECP III	-2.6%	-4.0%	-3.8%	-5.7%	06/23/05
DLJ RECP IV	-7.5%	-1.7%	-10.9%	-5.6%	02/11/08
Long Wharf Fund II	-10.8%	-10.9%	-12.1%	-12.2%	03/10/04
Long Wharf Fund III	-9.4%	-8.9%	-12.9%	-12.8%	03/30/07
Hearthstone I	n/a	n/a	4.6%	3.9%	06/15/95
Hearthstone II	n/a	n/a	27.1%	26.7%	06/17/98
Invesco Real Estate I	-0.5%	-0.5%	-1.8%	-1.8%	02/01/05
Invesco Real Estate II	-5.2%	-5.7%	-6.2%	-6.7%	11/26/07
<b>ALTERNATIVE INVESTMENTS</b>					
Adams Street Partners (combined)	n/a	14.8%	n/a	11.5%	03/18/96
Bay Area Equity Fund	31.1%	28.4%	23.1%	20.2%	06/14/04
Bay Area Equity Fund II*	20.1%	18.1%	-5.0%	-3.4%	12/07/09
Carpenter Bancfund	3.0%	2.8%	-1.5%	-1.4%	01/31/08
EIF US Power Fund I	34.1%	35.2%	29.2%	28.9%	11/26/03
EIF US Power Fund II	9.5%	8.5%	6.1%	5.3%	08/16/05
EIF US Power Fund III	-2.1%	-1.7%	-8.3%	-8.3%	05/30/07
Nogales	-10.6%	-11.3%	-18.5%	-18.8%	02/15/04
Paladin	1.6%	2.0%	1.6%	2.0%	11/30/07
Pathway (combined)	11.0%	11.1%	6.5%	8.1%	11/09/98
Benchmark <sup>3</sup>	10.9%	n/a	n/a	n/a	
Benchmark <sup>4</sup>	1.3%	n/a	n/a	n/a	

Benchmarks:

Pathway

Benchmark <sup>3</sup>

Venture Economics Buyout Pooled IRR - 1999-2010 as of 12/31/10

Benchmark <sup>4</sup>

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

\* BAEF II returns reflect change in value over investment period

## AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS

Performance through Third Quarter, 2011

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>DOMESTIC EQUITY</b>								
<b>Delaware</b>	<b>-10.3 %</b>	<b>6.3 %</b>	<b>10.8 %</b>	<b>7.5 %</b>	<b>-2.4 %</b>	<b>1.7 %</b>	<b>- %</b>	<b>- %</b>
<b>Emerald Advisors</b>	<b>-23.8</b>	<b>0.9</b>	<b>8.7</b>	<b>3.0</b>	<b>-3.9</b>	<b>0.2</b>	<b>4.4</b>	<b>-</b>
<b>Intech - Enhanced Plus</b>	<b>-14.6</b>	<b>1.5</b>	<b>6.3</b>	<b>1.3</b>	<b>-4.5</b>	<b>-1.1</b>	<b>2.8</b>	<b>-</b>
<b>Intech - Large Core</b>	<b>-15.4</b>	<b>0.8</b>	<b>5.9</b>	<b>1.1</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PIMCO Stocks Plus</b>	<b>-14.6</b>	<b>1.2</b>	<b>7.6</b>	<b>3.2</b>	<b>-5.4</b>	<b>-1.5</b>	<b>1.9</b>	<b>-</b>
<b>Robeco Boston Partners</b>	<b>-17.4</b>	<b>-2.5</b>	<b>2.1</b>	<b>0.0</b>	<b>-5.1</b>	<b>-1.0</b>	<b>3.5</b>	<b>4.5</b>
<b>State Street/Rothschild</b>	<b>-21.2</b>	<b>-4.0</b>	<b>3.4</b>	<b>-3.3</b>	<b>-5.5</b>	<b>-1.9</b>	<b>3.2</b>	<b>-</b>
<b>Wentworth, Hauser</b>	<b>-18.5</b>	<b>-2.3</b>	<b>1.3</b>	<b>1.2</b>	<b>-5.0</b>	<b>-1.1</b>	<b>2.4</b>	<b>2.8</b>
<b>Total Domestic Equities</b>	<b>-16.8</b>	<b>0.1</b>	<b>5.7</b>	<b>1.9</b>	<b>-4.7</b>	<b>-0.8</b>	<b>2.9</b>	<b>2.7</b>
Median Equity	-15.8	0.1	5.7	1.9	-4.0	0.1	3.6	4.9
S&P 500	-13.9	1.2	5.6	1.2	-5.2	-1.2	2.3	2.8
Russell 3000®	-15.3	0.6	5.6	1.4	-4.9	-0.9	2.7	3.5
Russell 1000® Value	-16.2	-1.9	3.4	-1.5	-7.6	-3.5	1.6	3.4
Russell 1000® Growth	-13.1	3.8	8.1	4.7	-2.4	1.6	3.6	3.0
Russell 2000®	-21.9	-3.5	4.6	-0.4	-4.1	-1.0	3.0	6.1
Russell 2000® Value	-21.5	-6.0	2.5	-2.8	-5.3	-3.1	2.0	6.5
Russell 2000® Growth	-22.3	-1.1	6.5	2.1	-3.1	1.0	3.9	5.5
<b>INT'L EQUITY</b>								
<b>GMO Intrinsic Value</b>	<b>-19.1</b>	<b>-7.9</b>	<b>-3.6</b>	<b>-2.8</b>	<b>-10.0</b>	<b>-4.0</b>	<b>-</b>	<b>-</b>
<b>William Blair</b>	<b>-19.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Int'l Equities</b>	<b>-19.1</b>	<b>-10.0</b>	<b>-2.8</b>	<b>-3.3</b>	<b>-11.6</b>	<b>-4.8</b>	<b>3.1</b>	<b>5.3</b>
Median Int'l Equity	-20.4	-10.5	-2.0	0.4	-7.6	-1.6	5.4	7.1
MSCI EAFE Index	-19.0	-8.9	-2.8	-0.7	-9.0	-3.0	3.8	5.5
MSCI ACWI ex-US	-19.8	-10.4	-1.6	1.0	-7.9	-1.1	5.6	7.3
MSCI EAFE Value Index	-19.0	-10.0	-5.9	-1.6	-10.3	-4.6	3.0	5.5
MSCI ACWI ex-US Growth	-20.1	-10.8	-0.1	0.8	-7.8	-0.7	5.5	6.7
<b>GLOBAL EQUITY</b>								
<b>J.P. Morgan</b>	<b>-20.2</b>	<b>-9.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>First Eagle</b>	<b>-9.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tradewinds</b>	<b>-10.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Global Equities</b>	<b>-15.2</b>	<b>-4.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Median Global Equity	-19.9	-10.4	-1.3	0.9	-7.6	0.0	-	-
MSCI ACWI Index	-17.4	-6.0	1.0	0.6	-7.1	-1.6	3.5	0.0
MSCI World Index	-16.5	-3.8	1.6	0.5	-6.8	-1.7	3.4	4.2
<b>DOMESTIC FIXED INCOME</b>								
<b>AFL-CIO Housing</b>	<b>3.3</b>	<b>4.8</b>	<b>6.3</b>	<b>7.5</b>	<b>6.8</b>	<b>6.4</b>	<b>5.5</b>	<b>5.7</b>
<b>Goldman Sachs</b>	<b>3.4</b>	<b>5.0</b>	<b>7.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Torchlight II</b>	<b>0.1</b>	<b>28.0</b>	<b>32.5</b>	<b>-0.7</b>	<b>-13.1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Torchlight III</b>	<b>-4.1</b>	<b>-6.4</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Lord Abbett</b>	<b>2.8</b>	<b>5.3</b>	<b>7.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allianz Global Investors</b>	<b>-5.1</b>	<b>3.0</b>	<b>9.7</b>	<b>12.3</b>	<b>7.2</b>	<b>7.4</b>	<b>7.1</b>	<b>8.4</b>
<b>PIMCO</b>	<b>0.4</b>	<b>2.2</b>	<b>6.6</b>	<b>9.7</b>	<b>7.7</b>	<b>7.3</b>	<b>6.4</b>	<b>-</b>
<b>Workout (GSAM)</b>	<b>-3.0</b>	<b>3.7</b>	<b>15.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Domestic Fixed</b>	<b>0.9</b>	<b>4.4</b>	<b>8.2</b>	<b>9.2</b>	<b>5.9</b>	<b>6.0</b>	<b>5.6</b>	<b>6.0</b>
Median Fixed Income	1.5	3.9	6.7	8.2	6.7	6.6	5.7	5.8
Median High Yield Mgr.	-6.5	1.0	8.4	10.3	4.8	5.2	5.6	7.2
Barclays Universal	2.2	4.8	7.7	6.7	6.6	6.6	5.7	5.9
Barclays Aggregate	3.8	5.3	6.7	8.0	6.9	6.5	5.6	5.7
Merrill Lynch HY II	-6.3	1.3	9.6	13.7	6.8	7.0	7.1	8.6
Merrill Lynch BB/B	-5.0	2.0	9.3	12.0	6.1	6.3	6.5	7.7
T-Bills	0.0	0.1	0.1	0.2	0.9	1.7	2.3	2.0
<b>GLOBAL FIXED INCOME</b>								
<b>Lazard Asset Mgmt</b>	<b>0.5</b>	<b>4.5</b>	<b>6.9</b>	<b>7.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Barclays Global Aggregate	1.0	4.0	5.0	7.8	6.5	6.9	5.8	-

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

## AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS

Performance through Third Quarter, 2011

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>ALTERNATIVE INVESTMENTS*</b>								
Adams Street**	4.7 %	27.0 %	16.7 %	5.0 %	4.1 %	8.4 %	10.8 %	5.9 %
Bay Area Equity Fund**	52.8	82.1	56.1	32.7	31.5	33.7	18.0	-
Carpenter Bancfund**	0.9	4.2	-0.1	-2.9	-	-	-	-
Energy Investor Fund**	-1.1	-16.5	-8.4	19.9	41.9	37.0	38.2	-
Energy Investor Fund II**	4.4	4.7	1.8	1.5	5.1	5.6	-	-
Energy Investor Fund III**	-4.2	-8.4	-13.3	-7.7	-	-	-	-
Nogales**	4.5	17.3	13.7	-32.8	-38.8	-30.0	-21.1	-
Paladin III	9.4	13.5	8.3	6.2	-	-	-	-
Pathway**	2.6	24.7	18.3	3.4	3.1	10.3	15.3	5.8
Total Alternative	5.0	18.2	10.6	4.0	4.2	8.2	12.3	6.8
S&P 500 + 400 bps	-13.0	5.2	9.8	5.3	-1.3	2.8	6.4	6.9
<b>REAL ESTATE*</b>								
Adelante Capital REIT	-14.2	1.2	15.9	-2.3	-7.0	-4.6	4.4	-
BlackRock Realty	-28.6	-28.8	-3.6	-31.4	-25.0	-18.2	-	-
DLJ RECP II**	8.3	26.3	0.3	-12.9	-5.9	1.2	10.8	12.4
DLJ RECP III**	-2.4	-5.3	-10.6	-15.1	-7.3	-1.3	-	-
DLJ RECP IV**	1.4	22.5	10.2	-24.0	-	-	-	-
Long Wharf II	2.5	9.6	5.9	-22.9	-20.3	-15.5	-7.7	-
Long Wharf III	5.0	10.4	23.6	-30.0	-33.1	-	-	-
Invesco Fund I	2.7	25.0	6.3	-16.3	-11.2	-6.4	-	-
Invesco Fund II	14.1	49.4	31.5	-43.4	-	-	-	-
Invesco Int'l REIT	-20.8	-15.1	-3.1	-5.4	-	-	-	-
Willows Office Property	1.3	-45.6	-24.5	-16.0	-3.6	-2.2	0.5	5.2
Total Real Estate	-7.8	4.9	12.1	-7.0	-7.6	-4.2	4.1	7.7
Median Real Estate	2.0	13.8	9.8	-6.6	-4.9	-0.8	4.5	6.0
Real Estate Benchmark	-1.5	12.6	12.4	0.3	0.3	2.9	7.8	9.0
Wilshire REIT	-14.6	2.1	15.3	-2.1	-4.8	-3.1	5.0	9.1
NCREIF Property Index	3.3	16.1	10.9	-1.5	0.2	3.4	7.5	7.8
NCREIF Index + 300 bps	4.0	19.5	14.1	1.5	3.2	6.6	10.7	11.0
NCREIF Index + 500 bps	4.5	21.7	16.3	3.5	5.2	8.5	12.8	13.1
NCREIF Apartment	3.6	18.6	13.8	-0.1	0.7	3.1	7.1	7.8
NCREIF Apt + 300 bps	4.3	22.0	17.1	2.9	3.7	6.2	10.3	11.0
<b>CCCERA Total Fund</b>	<b>-9.0 %</b>	<b>2.3 %</b>	<b>6.6 %</b>	<b>3.6 %</b>	<b>-1.2 %</b>	<b>1.8 %</b>	<b>5.1 %</b>	<b>5.7 %</b>
CPI + 400 bps	1.5	8.1	6.6	5.3	6.3	6.4	6.7	6.9
Policy Benchmark	-9.0	2.5	6.9	-	-	-	-	-

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

\*\* Performance as of June 30, 2011.

**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through Third Quarter, 2011**

<b>DOMESTIC EQUITY</b>	<b>YTD</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Delaware</b>	<b>-2.7 %</b>	<b>14.7 %</b>	<b>43.9 %</b>	<b>-42.6 %</b>	<b>13.6 %</b>	<b>3.2 %</b>	<b>-</b>
<i>Rank vs Equity</i>	9	70	10	81	15	91	-
<i>Rank vs Lg Growth</i>	4	62	11	76	33	74	-
<b>Emerald Advisors</b>	<b>-13.6</b>	<b>30.5</b>	<b>33.2</b>	<b>-36.5</b>	<b>3.2</b>	<b>13.8</b>	<b>10.1 %</b>
<i>Rank vs Equity</i>	69	7	36	41	64	56	25
<i>Rank vs Sm Cap Growth</i>	49	31	54	35	48	39	20
<b>Intech - Enhanced Plus</b>	<b>-7.6</b>	<b>15.7</b>	<b>25.7</b>	<b>-37.0</b>	<b>7.4</b>	<b>14.4</b>	<b>8.9</b>
<i>Rank vs Equity</i>	23	58	70	48	36	54	34
<i>Rank vs Lg Core</i>	14	33	75	53	79	80	14
<b>Intech - Large Cap Core</b>	<b>-7.7</b>	<b>15.0</b>	<b>24.6</b>	<b>-36.2</b>	<b>7.0</b>	<b>-</b>	<b>-</b>
<i>Rank vs Equity</i>	24	68	75	37	38	-	-
<i>Rank vs Lg Core</i>	15	66	85	27	-	-	-
<b>PIMCO Stocks Plus</b>	<b>-8.8</b>	<b>19.2</b>	<b>37.3</b>	<b>-43.5</b>	<b>5.0</b>	<b>15.7</b>	<b>4.6</b>
<i>Rank vs Equity</i>	36	40	23	85	56	43	75
<i>Rank vs Lg Core</i>	56	6	6	97	68	64	78
<b>Robeco Boston Partners</b>	<b>-11.5</b>	<b>13.4</b>	<b>27.3</b>	<b>-33.2</b>	<b>4.3</b>	<b>20.2</b>	<b>12.0</b>
<i>Rank vs Equity</i>	57	78	57	22	60	12	14
<i>Rank vs Lg Value</i>	56	60	27	16	24	36	14
<b>State Street/Rothschild</b>	<b>-14.8</b>	<b>21.8</b>	<b>13.7</b>	<b>-28.6</b>	<b>1.8</b>	<b>21.3</b>	<b>11.2</b>
<i>Rank vs Equity</i>	77	34	94	11	70	9	18
<i>Rank vs Sm Cap Value</i>	28	88	97	28	31	19	23
<b>Wentworth, Hauser</b>	<b>-14.6</b>	<b>13.5</b>	<b>35.2</b>	<b>-34.8</b>	<b>6.6</b>	<b>7.2</b>	<b>9.6</b>
<i>Rank vs Equity</i>	76	77	30	29	40	83	28
<i>Rank vs Lg Core</i>	93	83	8	16	36	98	9
<b>Total Domestic Equities</b>	<b>-10.4</b>	<b>17.8</b>	<b>30.8</b>	<b>-37.5</b>	<b>6.5</b>	<b>13.5</b>	<b>8.8</b>
<i>Rank vs Equity</i>	50	45	43	55	40	60	35
Median Equity	-10.3	17.1	29.0	-37.0	5.5	15.0	6.5
S&P 500	-8.7	15.1	26.5	-37.0	5.5	15.8	4.9
Russell 3000®	-9.9	16.9	28.3	-37.3	5.1	15.7	6.1
Russell 1000® Value	-11.3	15.5	19.7	-36.9	-0.2	22.2	7.0
Russell 1000® Growth	-7.2	16.7	37.2	-38.4	11.8	9.1	5.3
Russell 2000®	-17.0	26.9	27.2	-33.8	-1.6	18.4	4.6
Rothschild Benchmark	-18.5	24.9	27.7	-32.0	-7.3	20.2	5.5
Russell 2000® Growth	-15.6	29.1	34.5	-38.5	7.1	13.4	4.2
<b>INT'L EQUITY</b>							
<b>GMO</b>	<b>-12.7</b>	<b>8.3</b>	<b>19.3</b>	<b>-38.4</b>	<b>10.6</b>	<b>26.2</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	17	76	92	18	60	44	-
<b>William Blair</b>	<b>-16.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	51	-	-	-	-	-	-
<b>Total Int'l Equities</b>	<b>-14.7</b>	<b>8.3</b>	<b>23.3</b>	<b>-44.1</b>	<b>15.3</b>	<b>26.6</b>	<b>20.0</b>
<i>Rank vs Int'l Eq</i>	28	76	83	55	36	41	32
Median Int'l Equity	-16.8	12.0	36.1	-43.4	11.9	25.9	15.9
MSCI EAFE Index	-14.6	8.2	32.5	-43.1	11.6	26.9	14.0
MSCI ACWI ex-US	-16.5	11.6	42.1	-45.2	17.1	27.2	17.1
MSCI EAFE Value Index	-14.6	3.3	34.3	-43.7	6.5	31.1	14.4
MSCI ACWI ex-US Growth	-17.5	14.8	39.2	-45.4	21.4	24.0	17.1

## YEAR BY YEAR PERFORMANCE STATISTICS

### Performance through Third Quarter, 2011

	<u>YTD</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>GLOBAL EQUITY</b>							
J.P. Morgan Global	-15.9 %	- %	- %	- %	- %	- %	- %
<i>Rank vs Global Eq</i>	41	-	-	-	-	-	-
First Eagle	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	-	-	-	-	-	-	-
Tradewinds	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	-	-	-	-	-	-	-
Total Global Equity	-10.7	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	19	-	-	-	-	-	-
Median Global Equity	-16.8	-	-	-	-	-	-
MSCI ACWI Index	-14.6	-	-	-	-	-	-
MSCI World Index	-16.5	-	-	-	-	-	-
<b>DOMESTIC FIXED INCOME</b>							
AFL-CIO Housing	6.6	6.5	6.7	5.7	7.1	5.1	3.0
<i>Rank vs Fixed Income</i>	22	62	61	25	34	28	25
Goldman Sachs Core	6.4	7.6	9.8	-	-	-	-
<i>Rank vs Fixed Income</i>	27	42	39	-	-	-	-
Torchlight II	20.3	41.9	16.4	-64.9	-6.6	-	-
<i>Rank vs Fixed Income</i>	1	1	97	99	100	-	-
Torchlight III	-0.2	12.0	45.2	-	-	-	-
<i>Rank vs Fixed Income</i>	10	89	60	-	-	-	-
Lord Abbett	6.3	8.5	15.6	-	-	-	-
<i>Rank vs Fixed Income</i>	27	34	11	-	-	-	-
Allianz Global Investors	-0.3	15.2	47.1	-20.0	7.1	10.2	3.8
<i>Rank vs. High Yield</i>	11	28	52	14	34	32	15
PIMCO	3.3	9.3	16.4	0.0	8.4	4.8	3.4
<i>Rank vs Fixed Income</i>	62	27	9	73	13	37	18
Workout (GSAM)	1.0	24.4	35.1	-	-	-	-
<i>Rank vs Fixed Income</i>	81	1	1	-	-	-	-
Total Domestic Fixed	4.8	10.6	17.8	-8.1	5.8	7.5	3.7
<i>Rank vs Fixed Income</i>	49	20	6	92	62	11	14
Median Fixed Income	4.7	7.0	8.3	3.9	6.5	4.5	2.5
Median High Yield Mgr.	-2.4	14.1	47.3	-24.9	6.5	9.0	2.5
Barclays Universal	1.8	7.2	8.6	2.4	6.5	5.0	2.7
Barclays Aggregate	6.7	6.5	5.9	5.2	7.0	4.3	2.4
ML High Yield II	-1.7	15.2	57.5	-26.2	2.1	11.7	2.7
T-Bills	0.1	0.1	0.2	2.1	5.0	4.8	3.1
<b>Global Fixed Income</b>							
Lazard Asset Mgmt	5.5	8.8	11.3	-0.4	-	-	-
<i>Rank vs. Global Fixed</i>	18	31	54	31	-	-	-
Barclays Global Aggregate	5.4	5.5	6.9	4.8	-	-	-
<b>ALTERNATIVE INVESTMENTS</b>							
Adams Street**	3.8	16.3	-6.9	-4.9	27.9	23.5	17.0
Bay Area Equity Fund**	80.7	42.6	0.2	24.4	63.6	-6.5	1.9
Carpenter Bancfund	5.8	2.3	7.1	-	-	-	-
Energy Investor Fund**	-15.1	10.5	90.3	220.5	2.2	12.7	84.2
Energy Investor Fund II**	4.0	4.1	0.4	19.7	12.5	-	-
Energy Investor Fund III**	0.2	-14.5	11.0	108.9	-	-	-
Nogales**	7.8	28.1	-47.7	-51.4	21.2	11.0	13.1
Paladin III**	16.3	9.9	10.1	-10.9	-	-	-
Pathway**	19.4	15.8	-9.0	-6.6	50.4	21.4	42.5
Total Alternative	16.3	10.5	-1.5	1.8	28.0	19.2	33.3
S&P 500 + 400 bps	-5.9	19.6	31.4	-34.4	9.7	19.8	8.9

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

\*\* Performance as of June 30, 2011.

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**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through Third Quarter, 2011**

	<u>YTD</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>REAL ESTATE</b>							
Adelante Capital REIT	-5.0 %	31.2 %	29.3 %	-44.8 %	-16.9 %	38.2 %	16.7 %
<i>Rank</i>	22	11	48	65	55	13	4
BlackRock Realty	-20.2	17.1	-53.1	-28.2	14.8	23.8	28.7
<i>Rank</i>	99	35	100	80	44	27	11
DLJ RECP I**	1.1	-2.3	-3.1	39.0	34.2	41.2	14.2
<i>Rank</i>	69	88	27	1	2	6	62
DLJ RECP II**	12.2	-7.2	-30.5	4.0	34.8	35.7	51.3
<i>Rank</i>	30	92	74	12	1	17	4
DLJ RECP III**	-2.8	-15.0	-15.4	1.7	30.5	10.2	-
<i>Rank</i>	72	95	32	16	2	79	-
DLJ RECP IV**	18.5	-12.5	-53.5	-	-	-	-
<i>Rank</i>	5	94	100	-	-	-	-
Long Wharf II	10.0	10.0	-40.0	-41.9	5.0	16.5	16.1
<i>Rank</i>	47	76	93	93	74	45	51
Long Wharf III	10.3	49.5	-71.2	-10.7	-	-	-
<i>Rank</i>	42	1	100	58	-	-	-
Invesco Fund I	23.1	32.8	-49.2	-23.2	10.4	38.1	-
<i>Rank</i>	3	1	98	78	63	10	-
Invesco Fund II	27.2	96.4	-72.8	-81.3	-	-	-
<i>Rank</i>	3	1	100	100	-	-	-
Invesco Intl REIT	-18.5	14.6	39.6	-	-	-	-
<i>Rank</i>	100	100	8	-	-	-	-
Willows Office Property	5.9	-46.7	4.9	3.7	44.5	7.4	7.5
<i>Rank</i>	58	99	24	13	1	87	80
Total Real Estate	1.2	21.0	-0.5	-34.2	-3.0	33.8	20.4
<i>Rank</i>	69	17	26	83	82	20	29
Median Real Estate	9.0	16.0	-28.7	-10.4	13.9	15.6	16.7
Real Estate Benchmark	1.7	17.3	-3.3	-15.2	6.3	-	-
DJ Wilshire REIT Index	-5.4	28.6	28.6	-39.2	-17.6	36.0	13.8
NCREIF Property Index	11.0	13.1	-16.9	-6.5	15.8	16.6	20.1
<b>OPPORTUNISTIC</b>							
Goldman Sachs	-2.7	-	-	-	-	-	-
Oaktree PIF 2009	12.4	-	-	-	-	-	-
Total Opportunistic	-0.1	-	-	-	-	-	-
CCCERA Total Fund	-3.1	14.0	21.9	-26.5	7.3	15.3	10.8
<i>Rank vs. Total Fund</i>	33	22	32	68	45	13	5
<i>Rank vs. Public Fund</i>	19	25	26	74	42	11	2
Median Total Fund	-4.6	12.2	18.4	-23.0	7.1	12.0	6.1
Median Public Fund	-4.7	12.2	18.1	-22.9	6.9	11.9	6.0
CPI + 400 bps	6.6	5.6	6.9	4.2	8.3	6.6	7.6
Policy Benchmark	-3.1	14.3	-	-	-	-	-

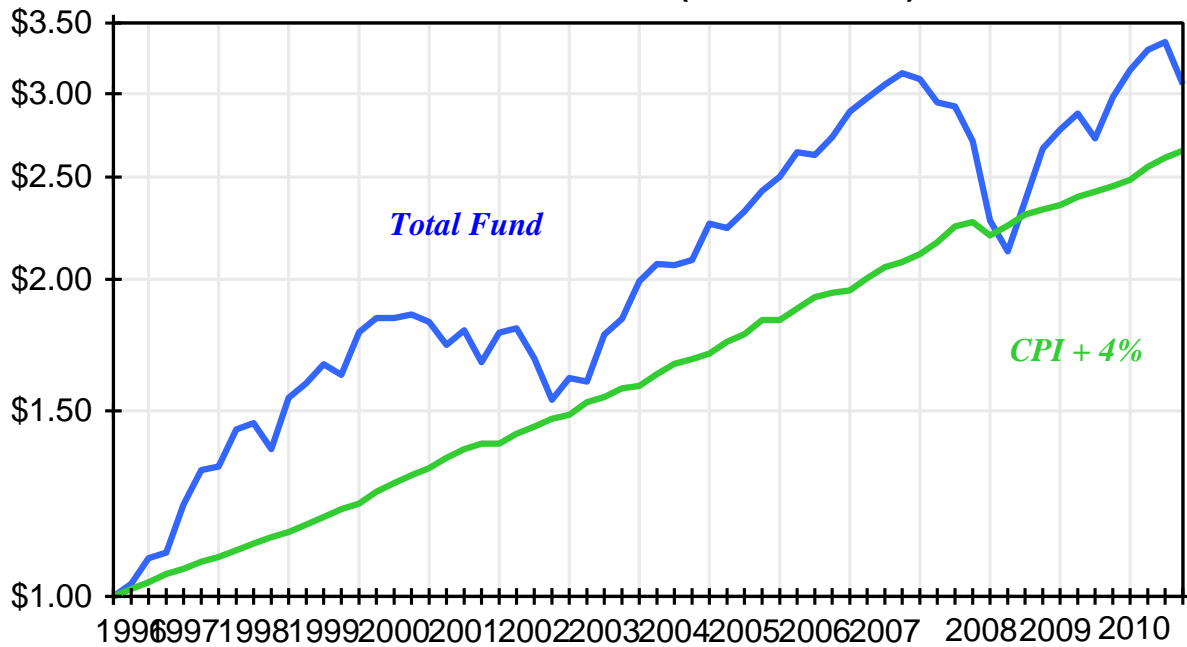
\*\* Performance as of June 30, 2011.

# TOTAL FUND PERFORMANCE

## Total Fund

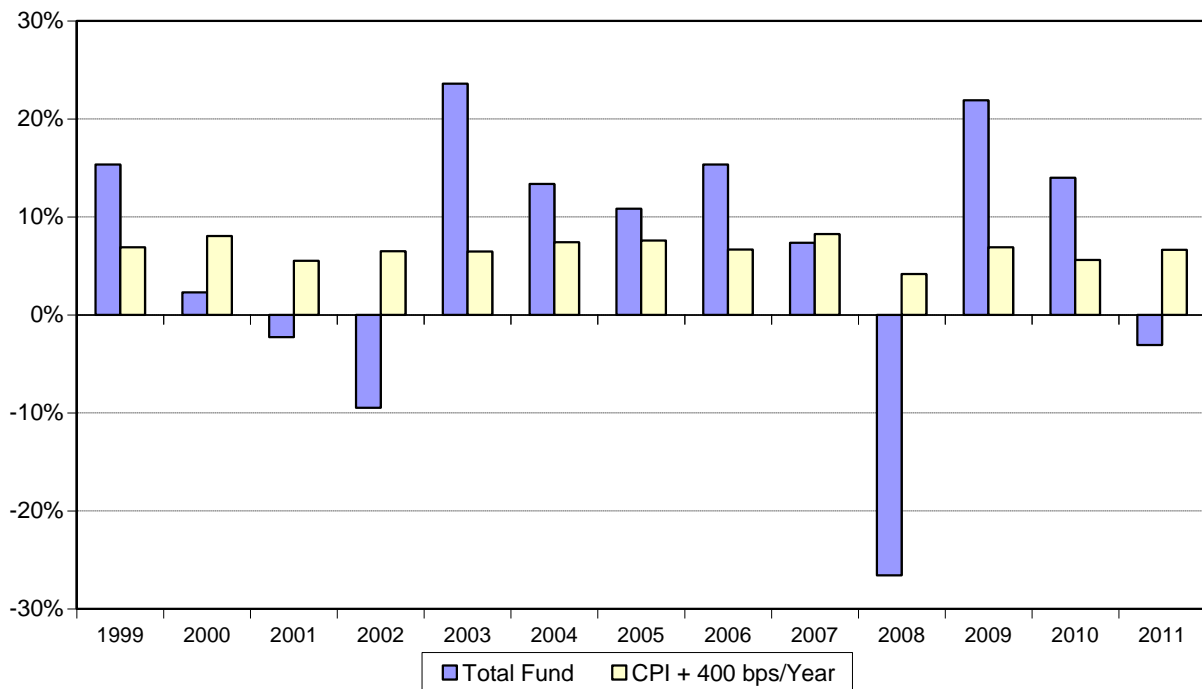
### Total Fund vs. CPI + 4% per Year

Cumulative Value of \$1 (Gross of Fees)

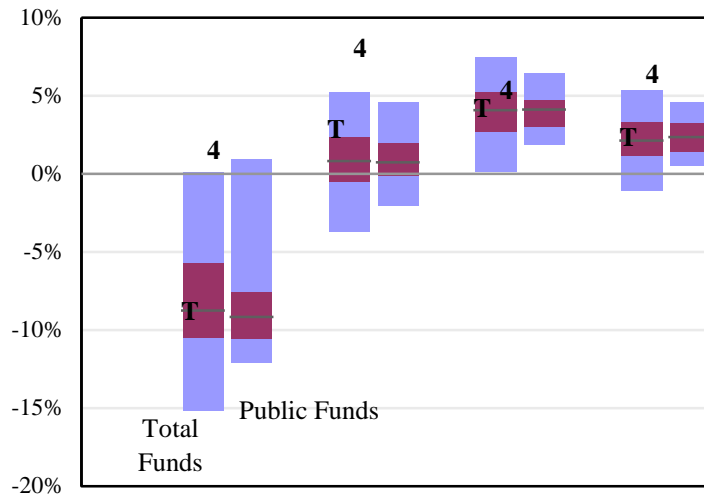


### Total Fund vs. CPI plus 400 bps/Year

Year by Year Performance



## Total Fund



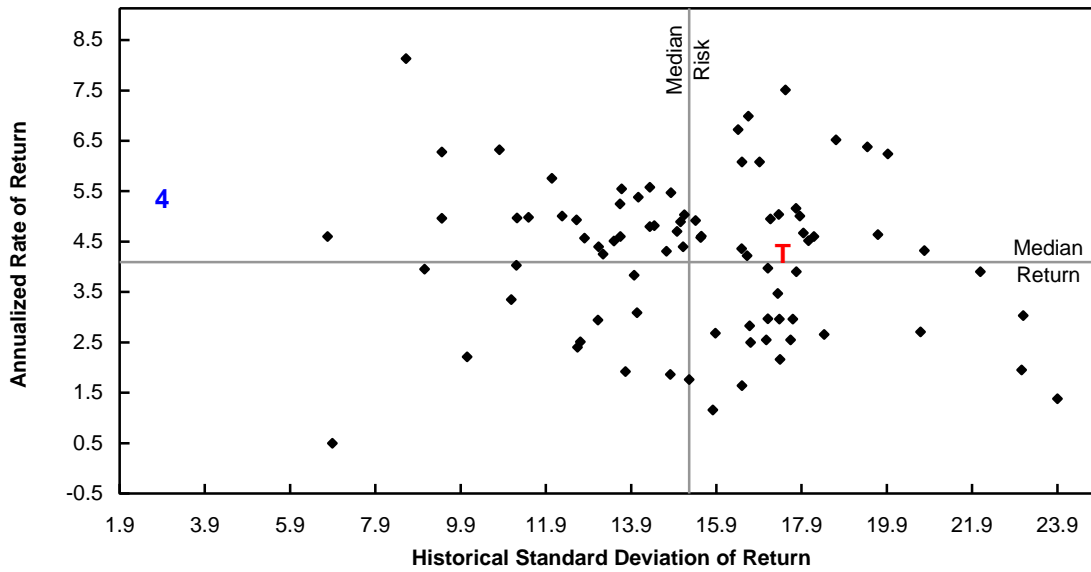
	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Fund (T)	-8.8	2.9	4.2	2.4
Rank v. Total Fd	50	19	47	44
Rank v. Public Fd	41	13	47	51
CPI + 4% (4)	1.5	8.1	5.3	6.4
Policy Benchmark	-9.0	2.5	-	-
Total Fund Median	-8.7	0.8	4.1	1.1
Total Public Median	-9.2	0.7	4.1	2.4

CCCERA Total Fund returned -8.8% in the third quarter, which nearly matched the -8.7% return of the median total fund and was better than the -9.2% return of the median total public fund. For the one-year period, the Total Fund returned 2.9%, better than the 0.8% for the median total fund and 0.7% for the median public fund. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a slightly higher risk level over the past five years. However, the CCCERA Total Fund did not exceed the CPI plus 400 basis points over the past five years.

# TOTAL FUND PERFORMANCE

## Performance and Variability

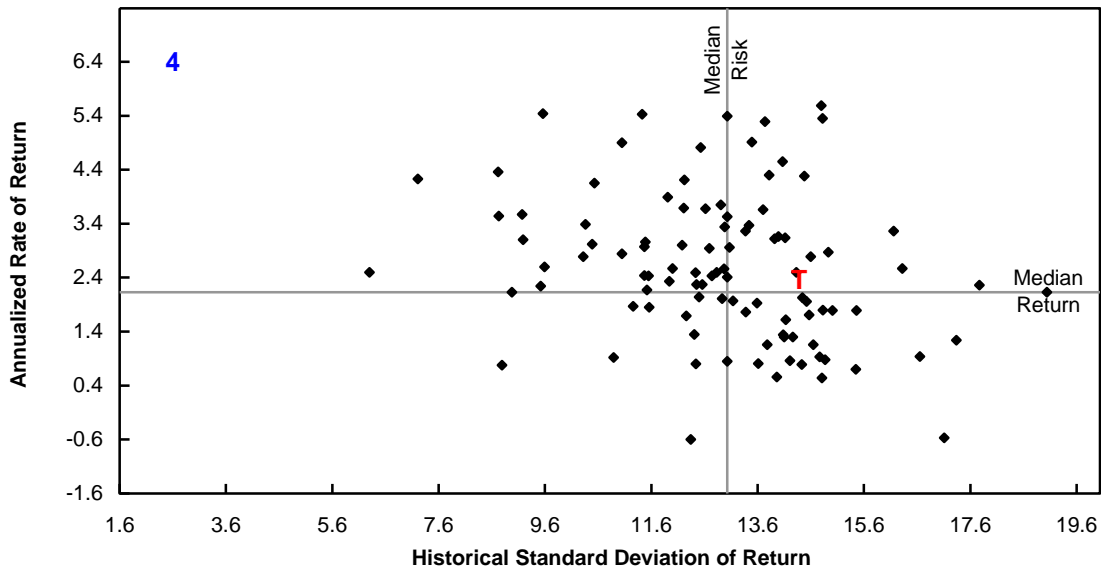
Three Years Ending September 30, 2011



	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Total Fund ( <b>T</b> )	4.2 %	17.5 %	0.23
CPI + 4% ( <b>4</b> )	5.3	2.9	1.75
Median Fund	4.1	15.3	0.25

## Performance and Variability

*Five Years Ending September 30, 2011*



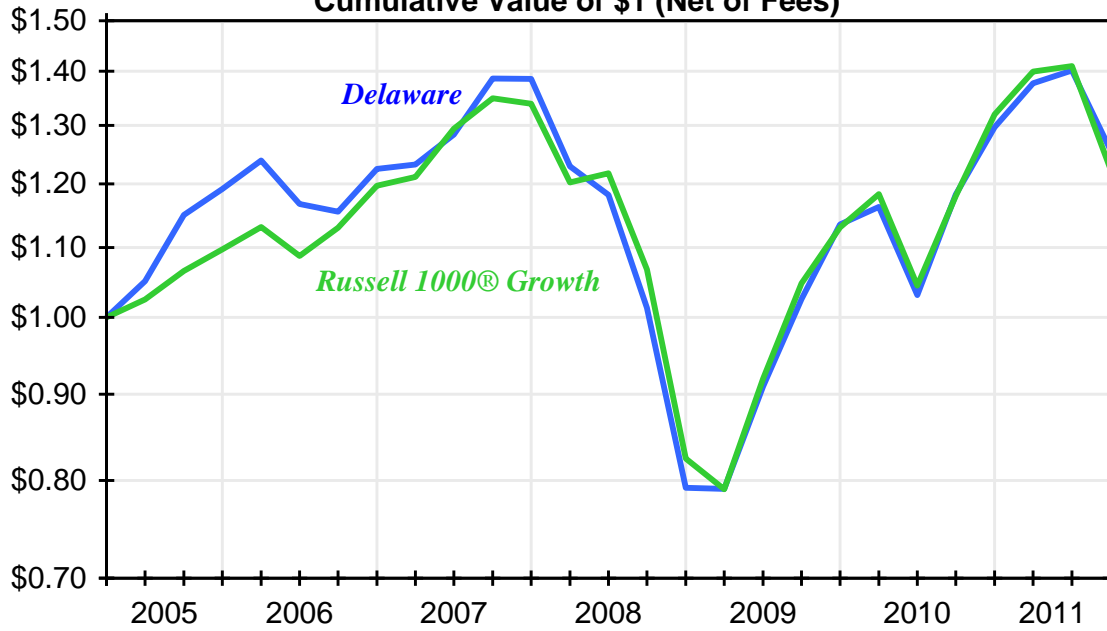
	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Total Fund ( <b>T</b> )	2.4 %	14.4 %	0.04
CPI + 4% ( <b>4</b> )	6.4	2.6	1.77
Median Fund	2.1	13.1	0.03

**MANAGER COMMENTS – DOMESTIC EQUITY**

**Delaware**

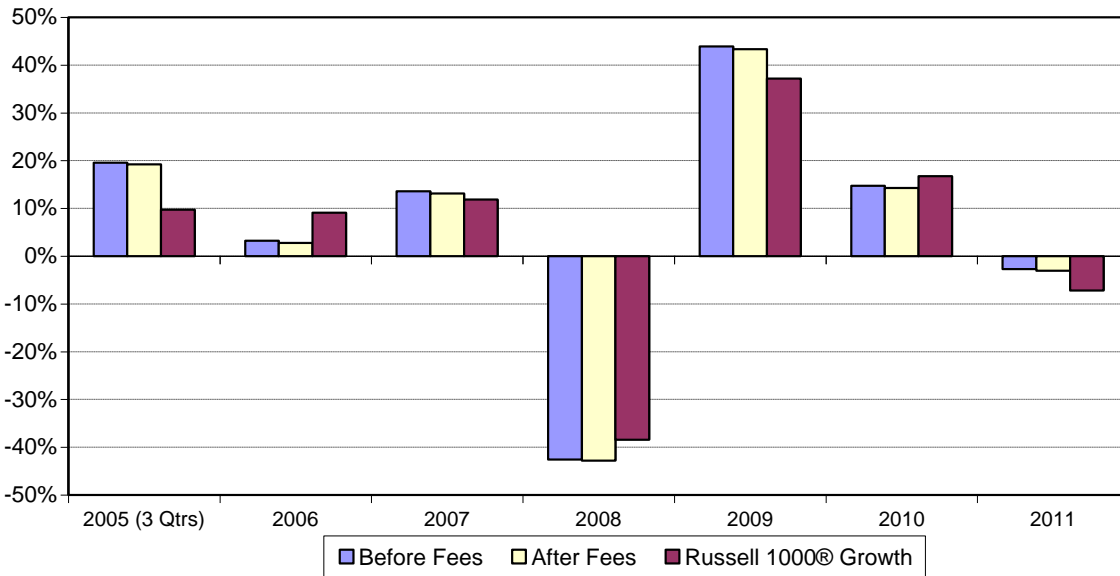
**Delaware vs. Russell 1000 Growth**

Cumulative Value of \$1 (Net of Fees)

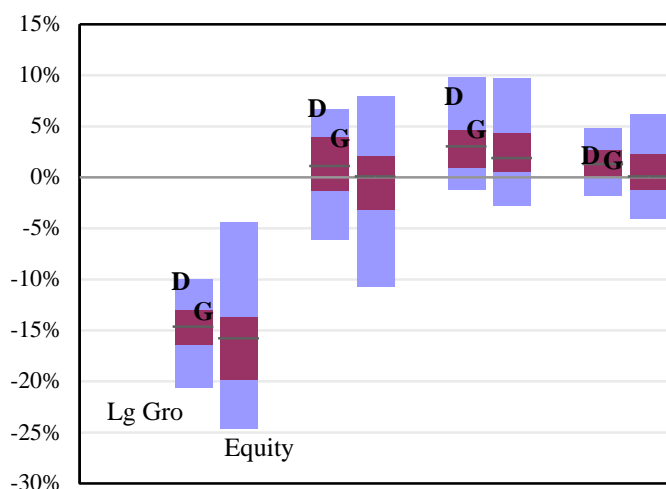


**Delaware vs. Russell 1000® Growth**

Year by Year Performance



## Delaware



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Delaware (D)	-10.2	6.8	8.0	2.2
Rank v. Lg Gro	7	6	8	27
Rank v. Equity	13	6	7	26
Ru 1000 Gro (G)	-13.1	3.8	4.7	1.6
Lg Gro Median	-14.6	1.1	3.0	1.3
Equity Median	-15.8	0.1	1.9	0.1

<b>Portfolio Characteristics</b>	<b>Delaware</b>	<b>Russell 1000® Growth</b>
Eq Mkt Value (\$Mil)	263.42	N/A
Wtd. Avg. Cap (\$Bil)	59.21	88.3
Beta	0.97	1.00
Yield (%)	0.70	1.74
P/E Ratio	20.74	15.33
Cash (%)	1.2	0.0
Number of Holdings	28	590
Turnover Rate (%)	46.2	-

<b>Sector</b>	<b>Delaware</b>	<b>Russell 1000® Growth</b>
Energy	4.0 %	10.3 %
Materials	2.8	5.1
Industrials	4.2	12.1
Cons. Discretionary	17.9	14.5
Consumer Staples	3.0	13.0
Health Care	11.4	11.1
Financials	7.5	3.7
Info Technology	44.6	28.9
Telecom Services	4.7	1.2
Utilities	0.0	0.1

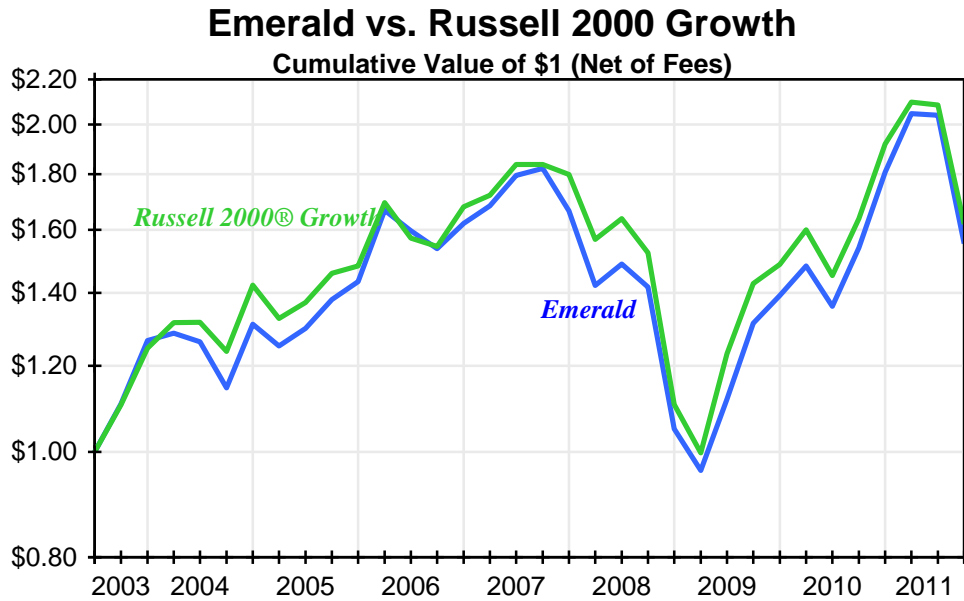
Delaware's return of -10.2% for the third quarter was better than the -13.1% return of the Russell 1000® Growth Index, and ranked in the 7<sup>th</sup> percentile in the universe of large growth equity managers. Over the past year, the portfolio returned 6.8%, exceeding the Russell 1000® Growth Index return of 3.8%, and ranked in the 6<sup>th</sup> percentile of large growth equity managers. Since inception performance slightly exceeds the Russell 1000® Growth Index, net of fees. Delaware is in compliance with CCCERA's performance objectives.

The portfolio (compared to the Russell 1000® Growth Index) had a below-index yield and an above-index P/E ratio. It included 28 stocks, concentrated in the large and mid capitalization sectors. Delaware's largest economic sector over-weights relative to the Russell 1000® Growth Index were in the information technology, financials and consumer discretionary sectors, while the largest under-weights were in the consumer staples, industrials and energy sectors.

Delaware's third quarter performance relative to the Russell 1000® Growth Index was helped by stock selection and sector allocation decisions. Stock selection was strongest in the information technology and health care sectors. The top performing holdings included Apple Computer (+14%), Perrigo (+11%) and Mastercard (+5%). The worst performing holdings included Polycom (-43%), EOG Resources (-32%) and Caterpillar (-30%).

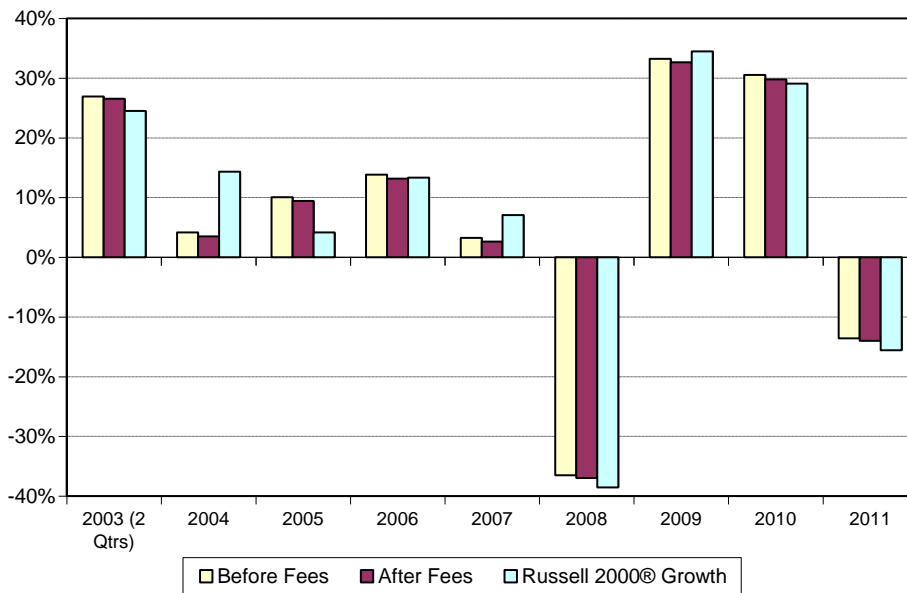
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Emerald**



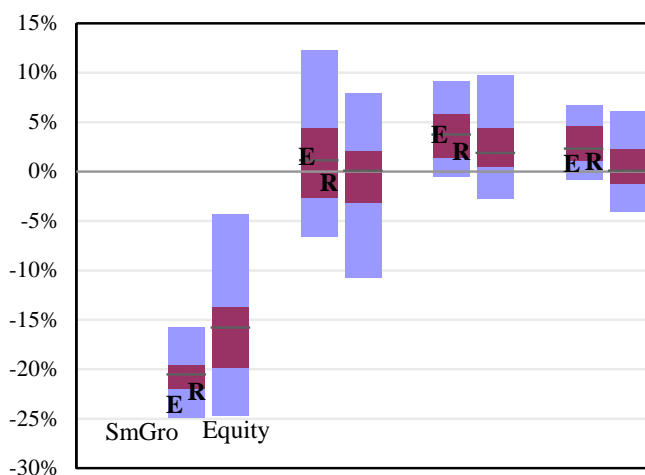
### Emerald vs. Russell 2000® Growth

Year by Year Performance





## Emerald



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Emerald (E)	-23.6	1.5	3.7	0.8
Rank v. Sm Gro	89	46	58	79
Rank v. Equity	93	28	31	41
Ru 2000 Gro (R)	-22.3	-1.1	2.1	1.0
Sm Gro Median	-20.5	1.2	3.7	2.3
Equity Median	-15.8	0.1	1.9	0.1

<b>Portfolio Characteristics</b>	<b>Emerald</b>	<b>Russell 2000@ Growth</b>
Eq Mkt Value (\$Mil)	141.96	N/A
Wtd. Avg. Cap (\$Bil)	1.50	1.18
Beta	1.28	1.27
Yield (%)	0.31	0.80
P/E Ratio	29.19	28.02
Cash (%)	1.0	0.0
Number of Holdings	102	1,159
Turnover Rate (%)	122.0	-

<b>Sector</b>	<b>Emerald</b>	<b>Russell 2000@ Growth</b>
Energy	6.8 %	7.7 %
Materials	3.1	4.0
Industrials	16.7	15.8
Cons. Discretionary	20.3	14.7
Consumer Staples	2.9	4.6
Health Care	17.6	20.5
Financials	6.5	8.0
Info Technology	24.6	23.3
Telecom Services	1.6	1.2
Utilities	0.0	0.1

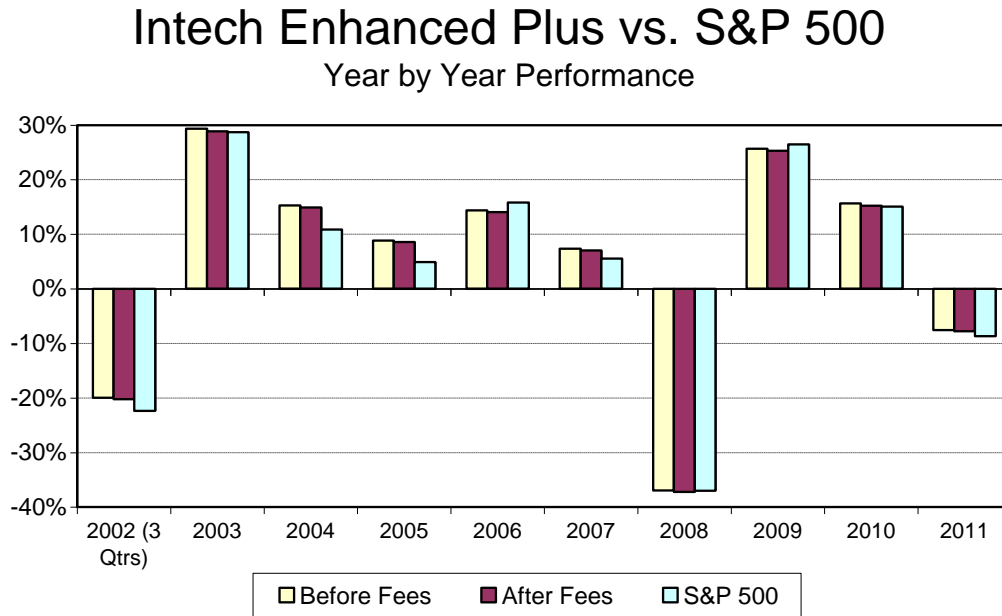
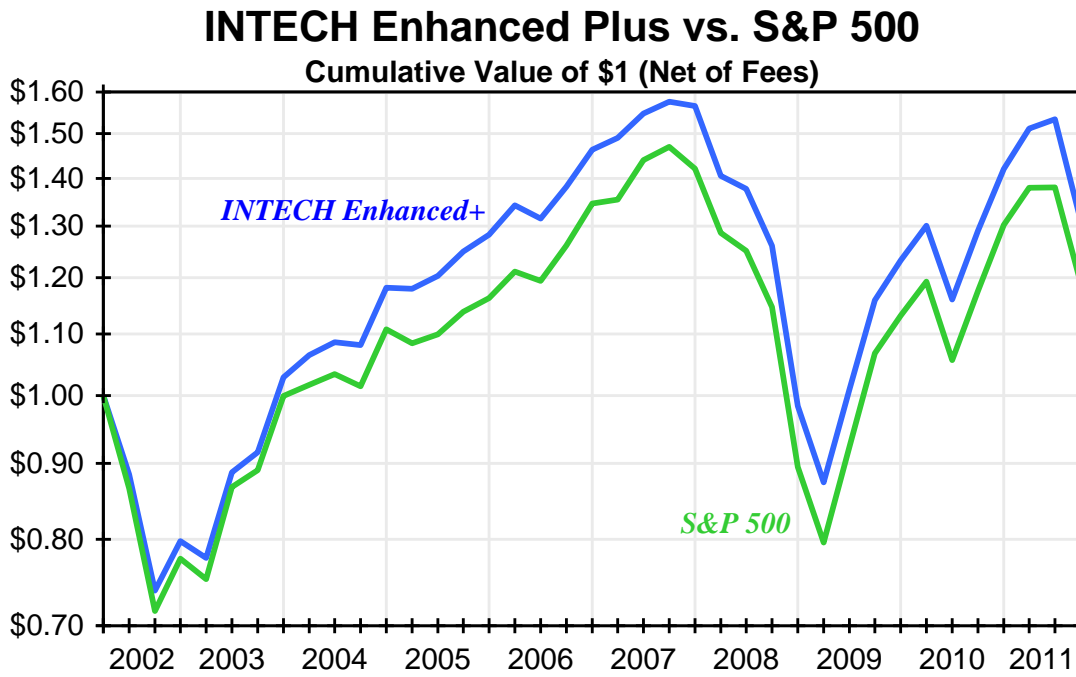
Emerald's return of -23.6% for the third quarter trailed the -22.3% return of the Russell 2000@ Growth index and ranked in the 89<sup>th</sup> percentile in the universe of small growth equity managers. For the one-year period, Emerald returned 1.5%, better than the -1.1% return of the Russell 2000@ Growth, and ranked in the 46<sup>th</sup> percentile in the universe of small growth equity managers. Over the past five years Emerald has returned 0.8%, slightly trailing the index return of 1.0% and ranking in the 79<sup>th</sup> percentile. Emerald is in compliance with some of CCCERA's performance objectives.

The portfolio has a below-index yield and an above-index P/E ratio. It includes 102 stocks, concentrated in the small capitalization sectors. Emerald's largest economic sector over-weights relative to the Russell 2000@ Growth Index are in the consumer discretionary, information technology and industrials sectors. The largest under-weights are in the health care, consumer staples and financials sectors.

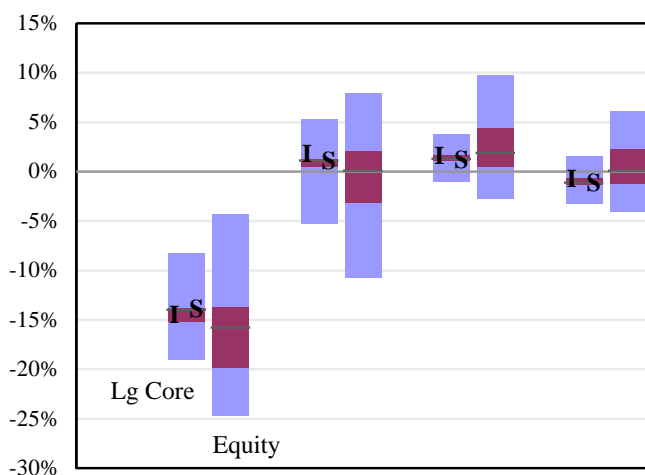
Emerald's third quarter performance relative to the Russell 2000@ Growth Index was hurt by both stock selection and sector allocation decisions. Stock selection within the information technology sector was particularly weak during the quarter. The top performing holdings included Pharmasset (+47%), Mitek Systems (+28%) and Interdigital (+14%). The worst performing holdings included Valuevision International (-69%), Gevo (-65%) and Kraton Performance (-59%).

**MANAGER COMMENTS – DOMESTIC EQUITY**

**Intech - Enhanced Plus**



## Intech - Enhanced Plus



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
INTECH Enh+ (I)	-14.5	1.8	1.6	-0.7
Rank v. Lg Core	58	14	33	30
Rank v. Equity	37	26	54	59
S&P 500 (S)	-13.9	1.2	1.2	-1.2
Lg Core Median	-14.0	1.1	1.3	-1.1
Equity Median	-15.8	0.1	1.9	0.1

Portfolio Characteristics	Intech - Enhanced Plus	
	Plus	S&P 500
Eq Mkt Value (\$Mil)	20.76	N/A
Wtd. Avg. Cap (\$Bil)	71.36	86.96
Beta	0.98	1.00
Yield (%)	2.41 %	2.38 %
P/E Ratio	13.59	13.53
Cash (%)	0.5 %	0.0 %
Number of Holdings	348	500
Turnover Rate (%)	91.8	-

Sector	Intech - Enhanced Plus	
	Plus	S&P 500
Energy	14.9 %	11.6 %
Materials	4.0	3.4
Industrials	10.7	10.3
Cons. Discretionary	10.1	10.6
Consumer Staples	11.1	11.8
Health Care	13.6	12.1
Financials	9.2	13.6
Info Technology	15.9	19.4
Telecom Services	4.7	3.3
Utilities	5.8	4.0

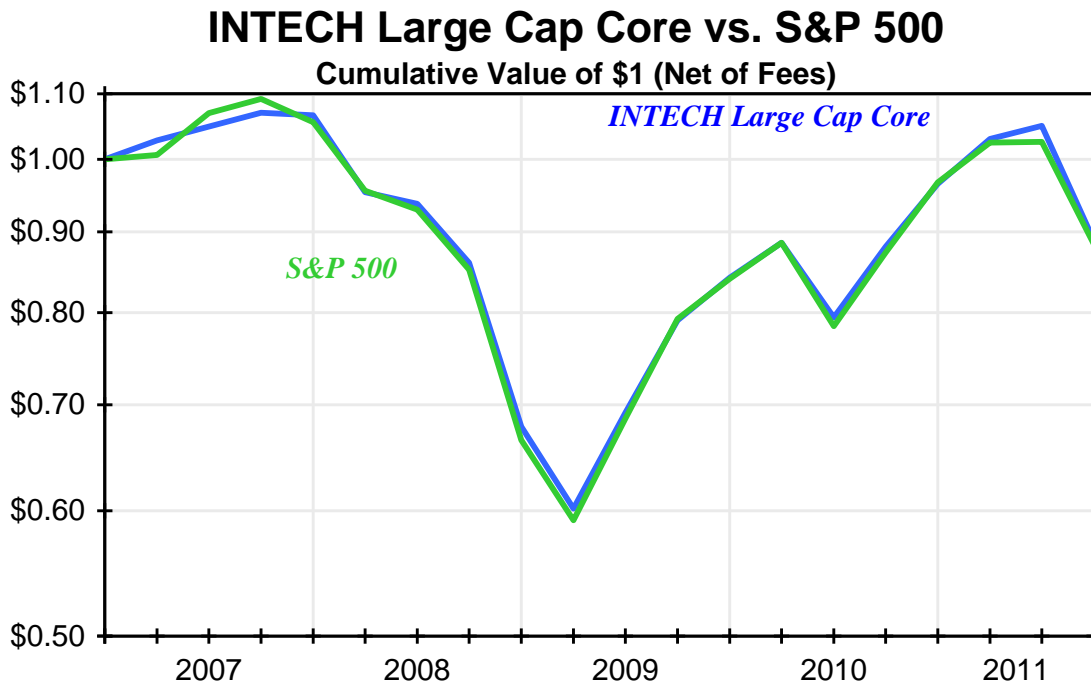
Intech's Enhanced Plus return of -14.5% for the third quarter trailed the -13.9% return of the S&P 500, and ranked in the 58<sup>th</sup> percentile in the universe of large core equity managers. For the one-year period, Intech returned 1.8%, exceeding the 1.2% return of the S&P 500, and ranked in the 14<sup>th</sup> percentile. Over the past five years, Intech returned -0.7%, better than the -1.2% return of the S&P 500, and ranked in the 30<sup>th</sup> percentile of large core equity managers. Intech Enhanced Plus is in compliance with CCCERA's performance objectives.

The portfolio has a near market beta of 0.98x, a nearly identical yield and a slightly higher P/E ratio. The portfolio has 348 holdings concentrated in large capitalization sectors. The largest economic sector over-weights were in the energy, utilities and health care sectors, while largest under-weights were in the financials, information technology and consumer staples sectors.

The portfolio's third quarter performance relative to the S&P 500 was hurt by stock selection decisions but helped by sector allocation decisions. Active trading decisions were modestly positive. The best performing portfolio stocks included Motorola Mobility (+71%), BF Goodrich (+27%) and Apple Computer (+14%), while the worst performing holdings during the quarter included Alpha Natural Resources (-61%), Netflix (-57%) and Nabors Industries (-50%).

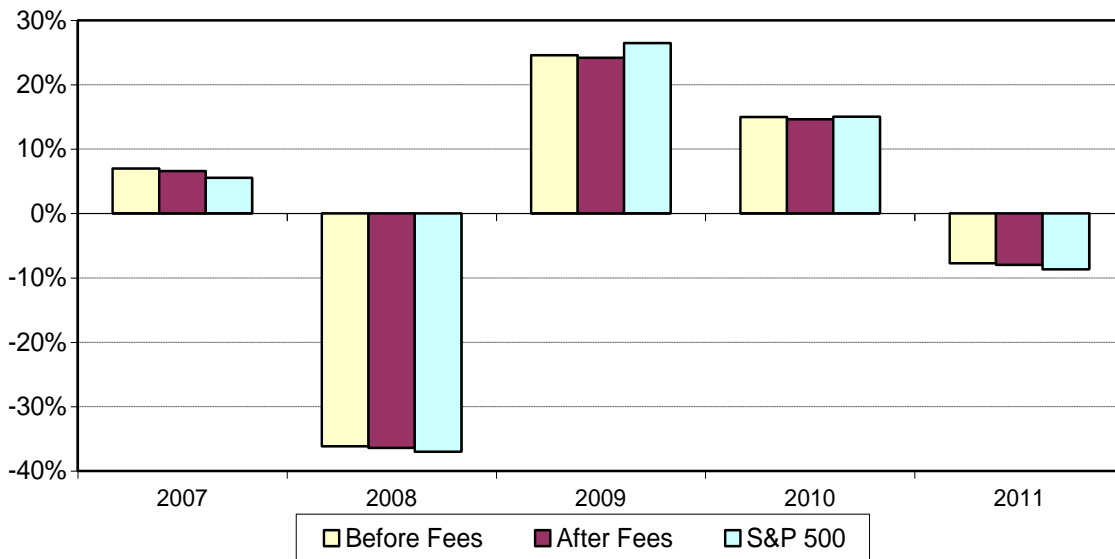
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Intech - Large Cap Core**

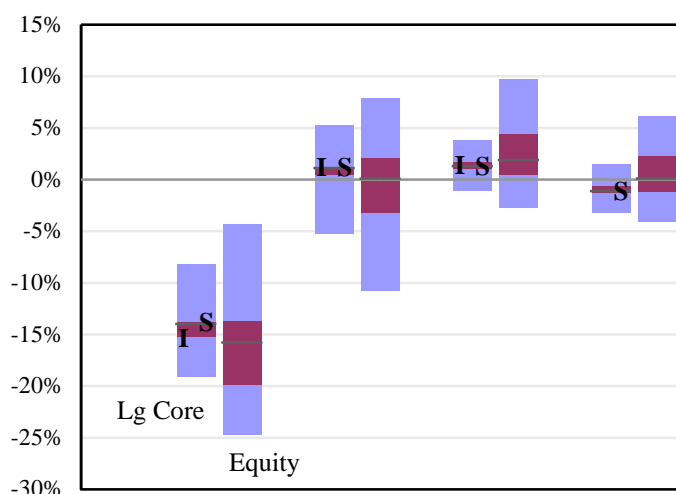


### Intech Large Cap Core vs. S&P 500

Year by Year Performance



## Intech - Large Cap Core



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Intech Lg Cap (I)	-15.3	1.2	1.4	-
Rank v. Lg Core	78	34	42	-
Rank v. Equity	46	33	58	-
S&P 500 (S)	-13.9	1.2	1.2	-1.2
Lg Core Median	-14.0	1.1	1.3	-1.1
Equity Median	-15.8	0.1	1.9	0.1

<b>Portfolio Characteristics</b>	<b>Intech - Large Cap</b>	<b>S&amp;P 500</b>
Eq Mkt Value (\$Mil)	156.51	N/A
Wtd. Avg. Cap (\$Bil)	64.67	86.96
Beta	0.97	1.00
Yield (%)	2.33 %	2.38 %
P/E Ratio	13.76	13.53
Cash (%)	0.6 %	0.0 %
Number of Holdings	273	500
Turnover Rate (%)	165.5	-

<b>Sector</b>	<b>Intech - Large Cap</b>	<b>S&amp;P 500</b>
Energy	17.5 %	11.6 %
Materials	6.0	3.4
Industrials	9.3	10.3
Cons. Discretionary	10.1	10.6
Consumer Staples	10.3	11.8
Health Care	16.2	12.1
Financials	7.9	13.6
Info Technology	13.4	19.4
Telecom Services	3.9	3.3
Utilities	5.5	4.0

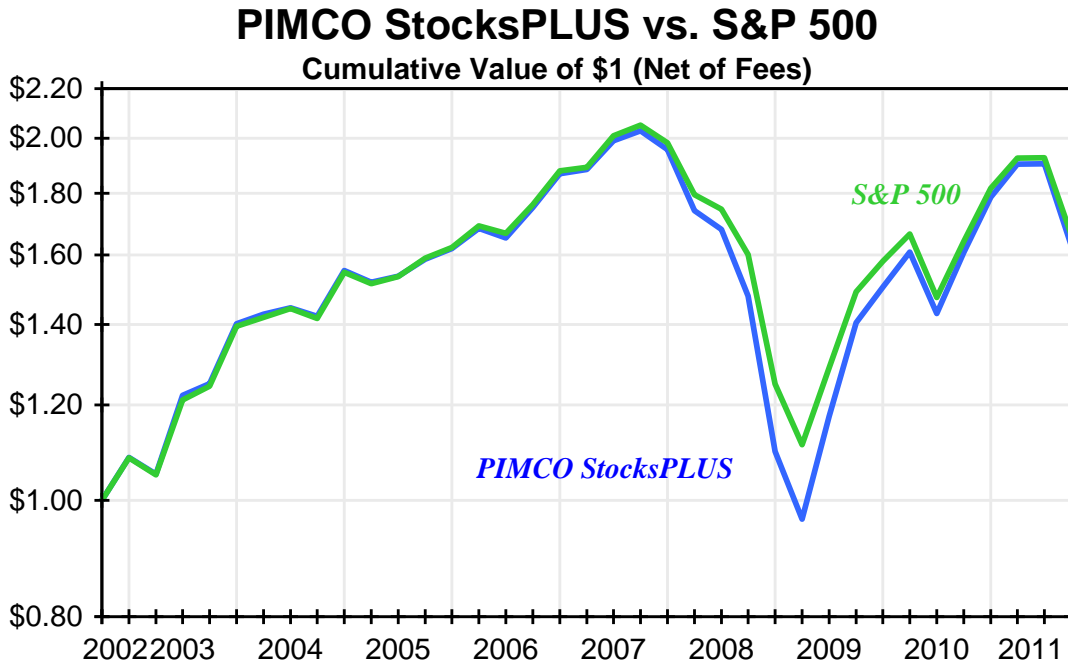
Intech's Large Cap Core (the larger, more aggressive Intech portfolio) had a return of -15.3% for the third quarter, which trailed the -13.9% return of the S&P 500 and ranked in the 78<sup>th</sup> percentile in the universe of large core equity managers. Over the past three years, the portfolio has returned 1.4%, better than the S&P 500 return of 1.2%, and ranked in the 42<sup>nd</sup> percentile of large core equity managers. The Large Cap Core account is in compliance with CCCERA's performance objectives.

The Large Cap Core portfolio follows a somewhat more aggressive investment approach than the Intech Enhanced Plus portfolio. The portfolio has a beta of 0.97x, a slightly below-market yield and an above-market P/E ratio. The portfolio has 273 holdings concentrated in large capitalization sectors. The largest economic sector over-weights were in the energy, health care and materials sectors, while largest under-weights were in the information technology, financials and consumer staples sectors.

The portfolio's third quarter performance relative to the S&P 500 was hurt by stock selection but helped by sector allocation decisions. The best performing portfolio stocks included Apple Computer (+14%), VF Corp (+13%) and Cerner Corp (+12%), while the worst performing holdings during the quarter included Netflix (-57%), MetroPCS (-57%) and CB Richard Ellis Group (-46%).

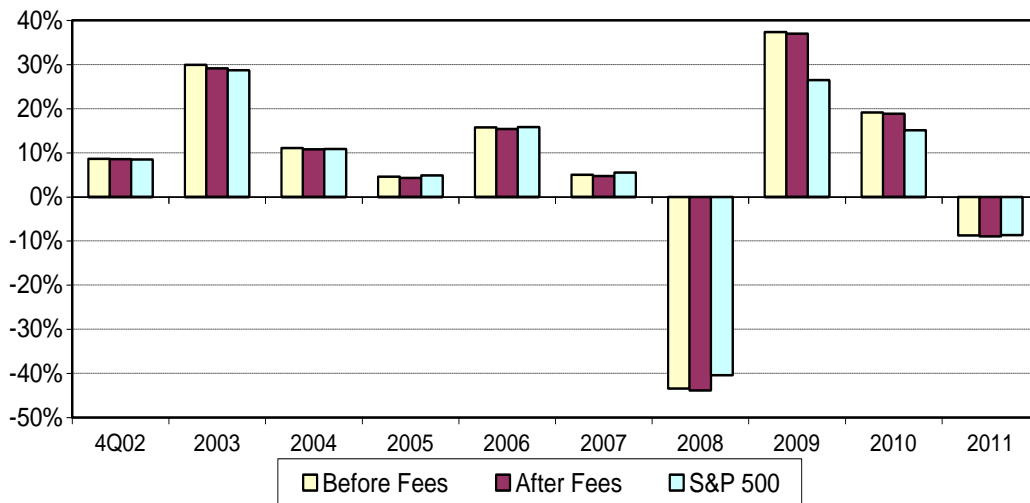
**MANAGER COMMENTS – DOMESTIC EQUITY**

**PIMCO StocksPLUS**

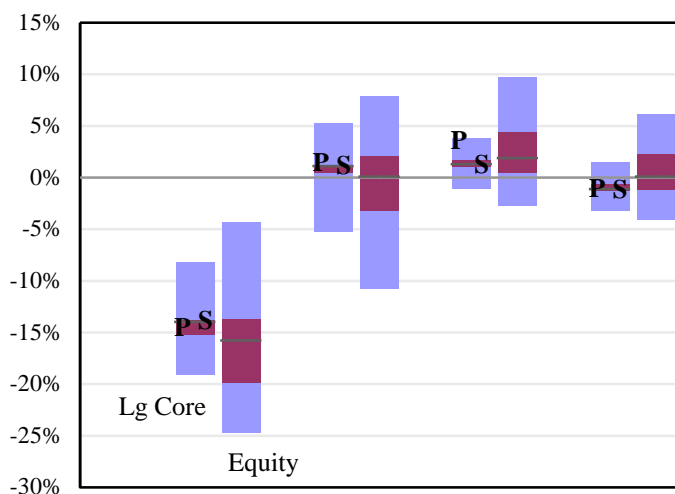


### PIMCO vs. S&P 500

Year by Year Performance



## PIMCO StocksPLUS



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
PIMCO Stock+ (P)	-14.5	1.5	3.6	-1.1
Rank v. Lg Core	58	18	7	49
Rank v. Equity	37	28	32	67
S&P 500 (S)	-13.9	1.2	1.2	-1.2
Lg Core Median	-14.0	1.1	1.3	-1.1
Equity Median	-15.8	0.1	1.9	0.1

### Portfolio

Characteristics	PIMCO	S&P 500
Eq Mkt Value (\$Mil)	143.4	N/A
Wtd. Avg. Cap (\$Bil)	*	86.96
Beta	*	1.00
Yield (%)	* %	2.38 %
P/E Ratio	*	13.53
Cash (%)	4.3 %	0.0 %

Number of Holdings	*	500
Turnover Rate (%)	2,054.5	-

Sector	PIMCO	S&P 500
Energy	* %	11.6 %
Materials	*	3.4
Industrials	*	10.3
Cons. Discretionary	*	10.6
Consumer Staples	*	11.8
Health Care	*	12.1
Financials	*	13.6
Info Technology	*	19.4
Telecom Services	*	3.3
Utilities	*	4.0

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

PIMCO's StocksPLUS (futures plus cash) portfolio returned -14.5% for the third quarter, trailing the -13.9% return of the S&P 500, and ranked in the 58<sup>th</sup> percentile of large core managers. For the one-year period, PIMCO returned 1.5%, better than the 1.2% return of the S&P 500, and ranked in the 18<sup>th</sup> percentile. Over the past three and five years, the portfolio has exceeded the S&P 500 and ranked above the median large core manager. The portfolio is in compliance with the CCCERA performance guidelines.

Strategies that boosted PIMCO's third quarter returns included a structural yield advantage versus money market rates, exposure to US money market futures and exposure to non-US developed interest rates. Strategies that were a drag on performance included: a curve steepening strategy as the yield curve flattened, an emphasis on the bonds of financial companies, exposure to both Agency and non-Agency MBS, and exposure to emerging market currencies.

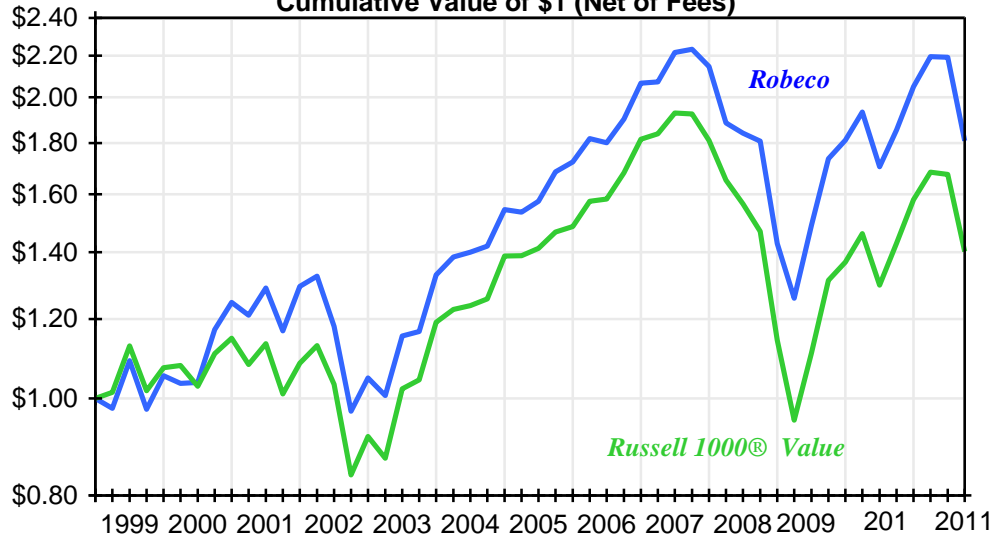
PIMCO plans to position the portfolio defensively to mitigate the risk of default and permanent losses amid heightened recession risk. They will, however, continue to seek out high quality yield.

MANAGER COMMENTS – DOMESTIC EQUITY

Robeco

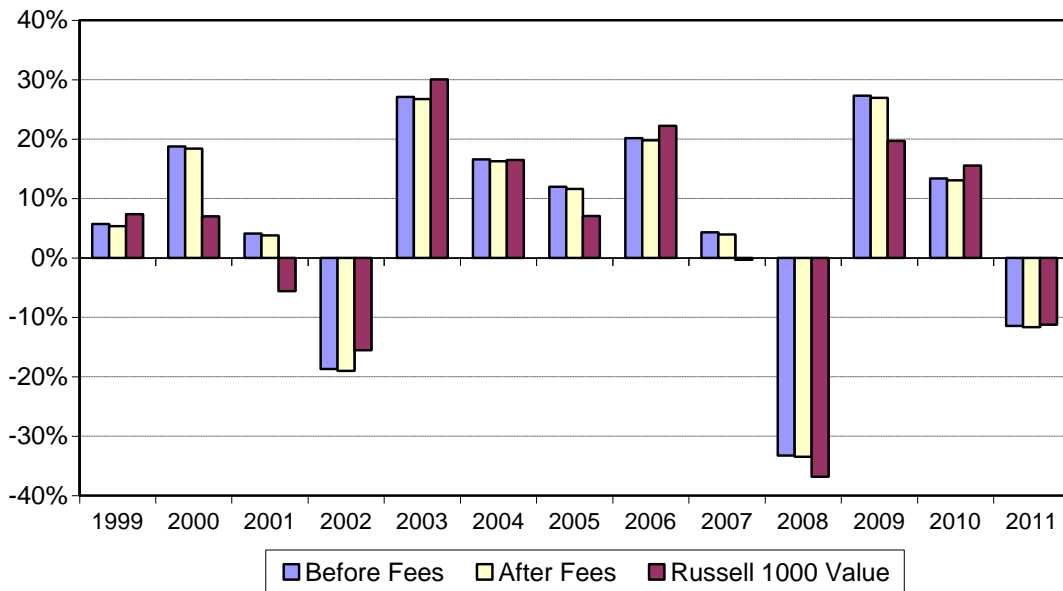
Robeco vs. Russell 1000 Value

Cumulative Value of \$1 (Net of Fees)



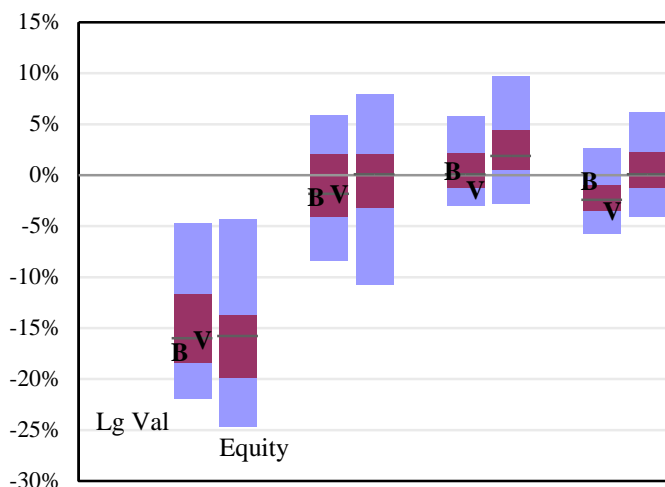
Robeco vs. Russell 1000® Value

Year by Year Performance





## Robeco



	Qtr	1 Year	3 Years	5 Years
Robeco (B)	-17.4	-2.1	0.4	-0.7
Rank v. Lg Value	68	55	42	18
Rank v. Equity	60	68	76	58
Rus 1000 Val (V)	-16.2	-1.9	-1.5	-3.5
Lg Val Median	-16.0	-1.8	0.1	-3.5
Equity Median	-15.8	0.1	1.9	0.1

Portfolio Characteristics	Robeco	Russell 1000® Value
Eq Mkt Value (\$Mil)	243.3	N/A
Wtd. Avg. Cap (\$Bil)	75.3	66.1
Beta	1.09	1.04
Yield (%)	2.34	2.85
P/E Ratio	11.40	12.61
Cash (%)	0.6	0.0
Number of Holdings	78	656
Turnover Rate (%)	65.7	-

Sector	Robeco	Russell 1000® Value
Energy	11.5 %	11.8 %
Materials	1.4	2.6
Industrials	9.0	8.8
Cons. Discretionary	17.2	8.6
Consumer Staples	3.1	8.3
Health Care	13.9	13.2
Financials	24.6	24.7
Info Technology	17.4	8.8
Telecom Services	0.8	5.1
Utilities	1.1	8.1

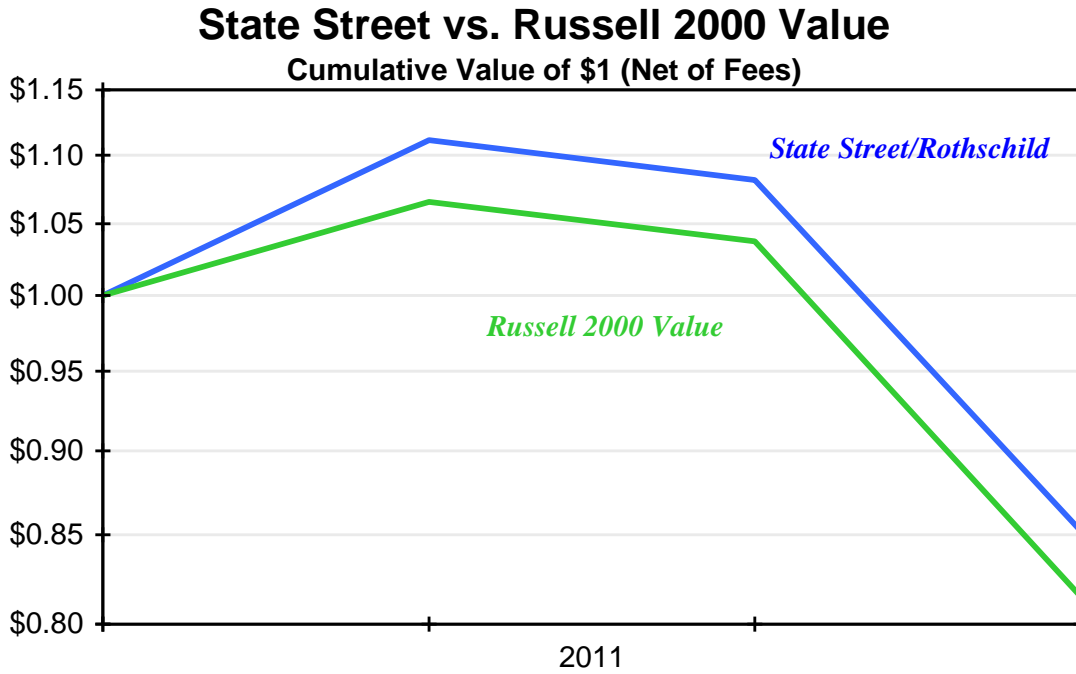
Robeco's third quarter return of -17.4% trailed the -16.2% return of the Russell 1000® Value Index and ranked in the 68<sup>th</sup> percentile of large value managers. For the one-year period, Robeco returned -2.1%, approximately matching the -1.9% return of the Russell 1000® Value Index. Over both the three and five-year periods, Robeco's performance was above the median large value equity manager and exceeded the Russell 1000® Value Index. Robeco is in compliance with CCCERA's performance objectives.

At the end of the quarter, the portfolio had a lower P/E ratio than the index and held 78 stocks, concentrated in the large and mid capitalization sectors. Robeco's largest economic sector over-weights were in the consumer discretionary, information technology and health care sectors, while the largest under-weights were in the utilities, consumer staples and telecom services sectors.

Robeco's third quarter performance relative to the Russell 1000® Value Index was hurt by both stock selection and sector allocation decisions. Top performing holdings included Apple Computer (+14%), Target (+5%) and IAC (+4%), while the worst performing holdings included Citigroup (-38%), Autoliv (-28%) and Visteon (-37%).

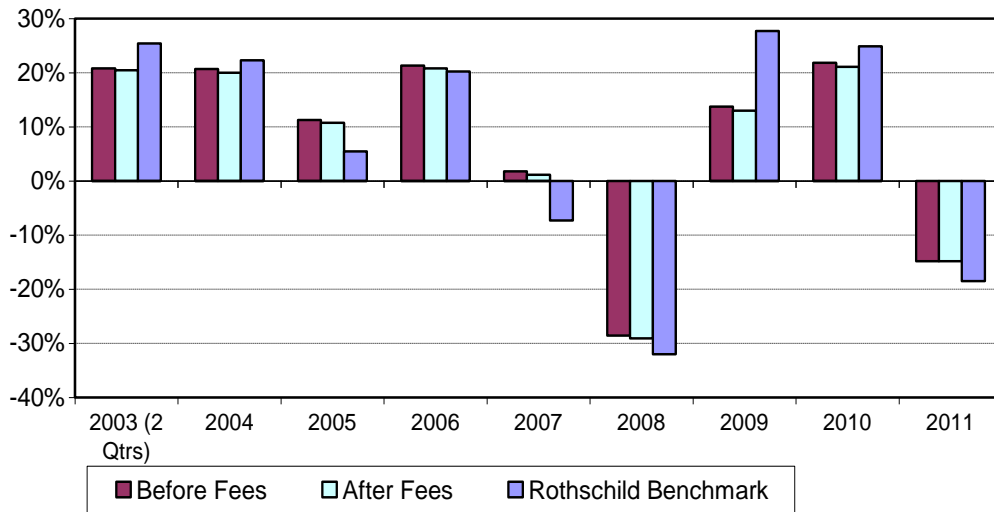
**MANAGER COMMENTS – DOMESTIC EQUITY**

**State Street - Small Cap Value**



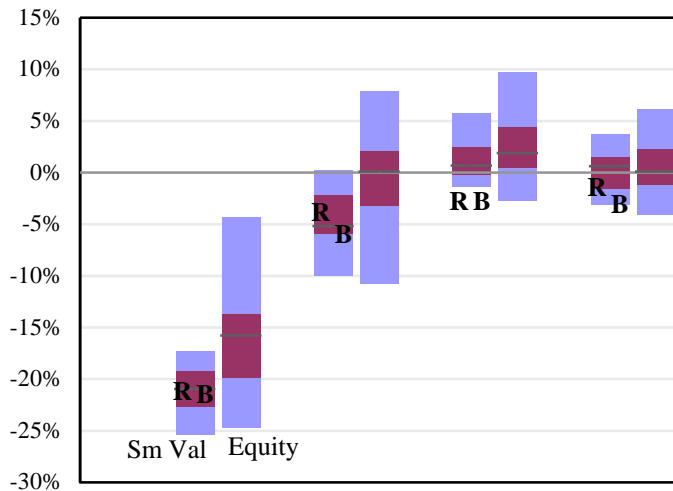
### State Street/Rothschild vs. Benchmark

Year by Year Performance



*The Rothschild custom benchmark is the Russell 2000® Value index through 2<sup>nd</sup> quarter, 2005, Russell 2500™ Value thereafter.*

## SSgA/Rothschild



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
SS/Rothschild (R)	-21.2	-3.8	-2.8	-1.4
Rank v. Sm Val	56	40	99	70
Rank v. Equity	83	78	95	76
Ru 2000® Val (V)	-21.5	-6.0	-2.8	-3.1
Sm Val Median	-21.0	-5.2	0.7	0.6
Equity Median	-15.8	0.1	1.9	0.1

The Rothschild custom benchmark is the Russell 2000® Value index through 2<sup>nd</sup> quarter, 2005, Russell 2500™ Value thereafter.

Portfolio Characteristics	SSgA/Rothschild	Russell 2000® Value
Eq Mkt Value (\$Mil)	146.28	N/A
Wtd. Avg. Cap (\$Bil)	1.19	0.93
Beta	1.21	1.19
Yield (%)	2.26 %	2.50 %
P/E Ratio	19.43	19.45
Cash (%)	0.2 %	0.0 %
Number of Holdings	662	1,364
Turnover Rate (%)	158.0	-

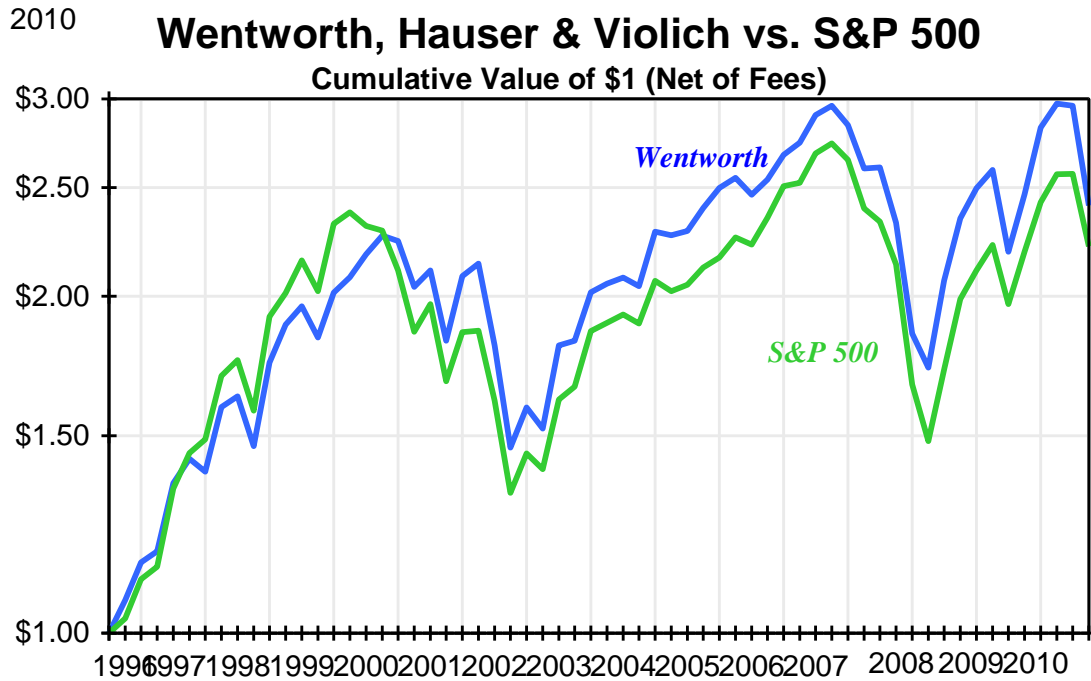
Sector	SSgA/Rothschild	Russell 2000® Value
Energy	4.9 %	4.8 %
Materials	5.4	5.0
Industrials	14.2	14.4
Cons. Discretionary	11.6	11.4
Consumer Staples	2.5	3.1
Health Care	6.7	5.4
Financials	36.3	36.2
Info Technology	11.4	11.1
Telecom Services	0.3	0.7
Utilities	6.9	7.9

The Rothschild mandate was terminated during the first quarter. State Street has been managing the portfolio on a semi-passive basis while a new small cap value manager was identified. The portfolio was transitioned to Ceredex after the end of the quarter.

The portfolio had a beta of 1.21x, a below-index yield and an index P/E ratio. It included 662 stocks, concentrated in the small capitalization sectors. Sector weightings were quite close to the index, as expected.

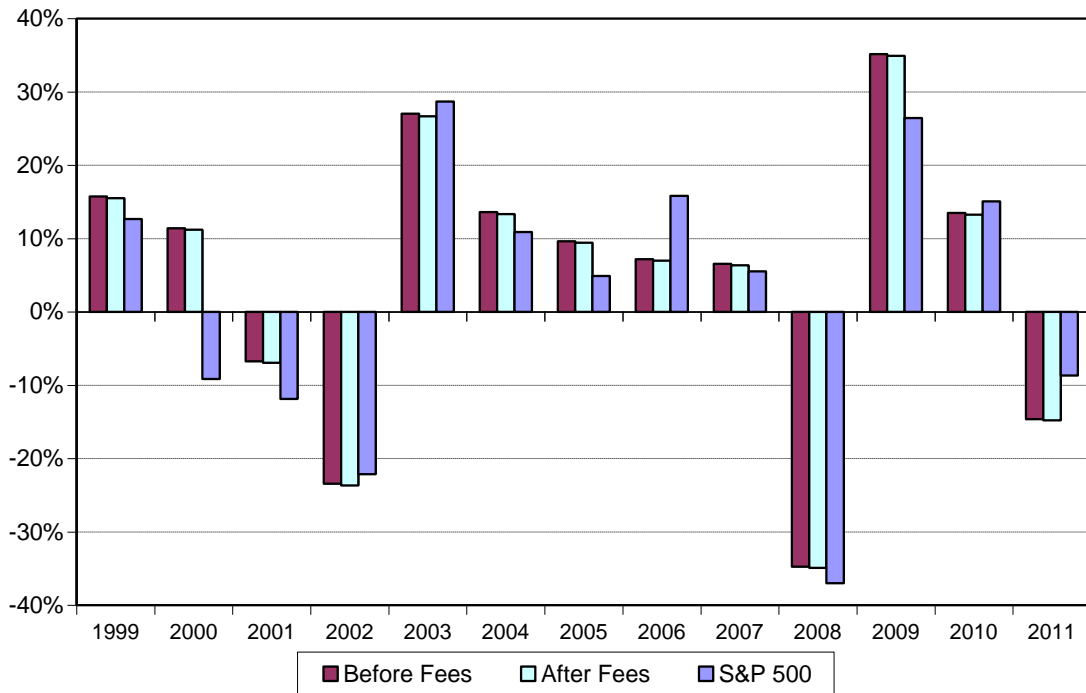
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Wentworth, Hauser and Violich**

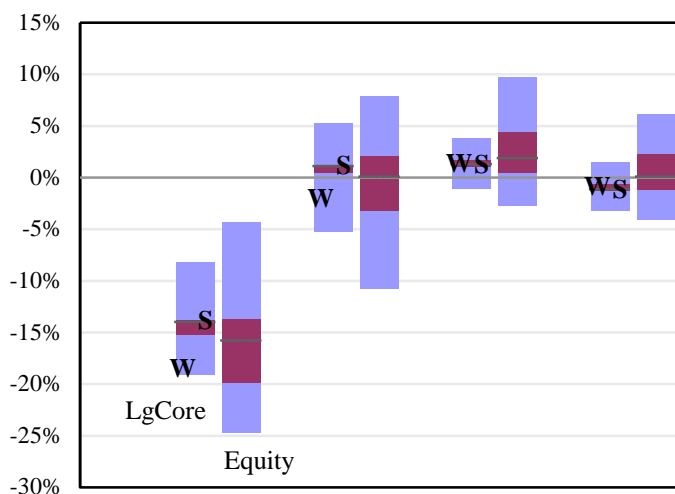


### Wentworth vs. S&P 500

Year by Year Performance



## Wentworth, Hauser and Violich



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
WHV (W)	-18.5	-2.0	1.4	-0.8
Rank v. Lg Core	92	88	42	33
Rank v. Equity	65	67	57	62
S&P 500 (S)	-13.9	1.2	1.2	-1.2
Lg Core Medium	-14.0	1.1	1.3	-1.1
Equity Median	-15.8	0.1	1.9	0.1

### Portfolio

<u>Characteristics</u>	<u>Wentworth</u>	<u>S&amp;P 500</u>
Eq Mkt Value (\$Mil)	163.14	N/A
Wtd. Avg. Cap (\$Bil)	55.44	86.96
Beta	1.06	1.00
Yield (%)	1.49	2.38
P/E Ratio	12.71	13.53
Cash (%)	1.9	0.0
Number of Holdings	33	500
Turnover Rate (%)	136.3	-

<u>Sector</u>	<u>Wentworth</u>	<u>S&amp;P 500</u>
Energy	16.6 %	11.6 %
Materials	6.6	3.4
Industrials	17.1	10.3
Cons. Discretionary	9.1	10.6
Consumer Staples	4.9	11.8
Health Care	14.3	12.1
Financials	10.5	13.6
Info Technology	21.0	19.4
Telecom Services	0.0	3.3
Utilities	0.0	4.0

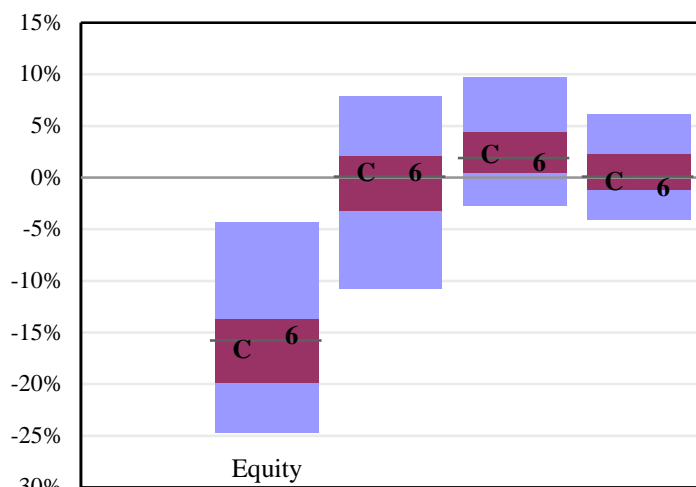
Wentworth's return of -18.5% for the third quarter significantly trailed the -13.9% return of the S&P 500 and ranked in the 92<sup>nd</sup> percentile of large core managers. For the one-year period, Wentworth returned -2.0%, trailing the 1.2% return of the S&P 500, and ranked in the 88<sup>th</sup> percentile. Wentworth has exceeded the S&P 500 over the past three and five years and also ranked above median in the large core universe over the trailing three and five-year periods. Wentworth is in compliance with CCCERA performance guidelines.

The portfolio has an above-market beta of 1.06x, a below-market yield and an above-market P/E ratio. The portfolio has 33 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weights are in the industrials, energy and materials sectors, while largest under-weights are in the consumer staples, utilities and telecom services sectors.

Wentworth's third quarter performance relative to the S&P 500 was hurt by both stock selection and sector allocation decisions. The best performing portfolio stocks included Apple Computer (+14%), Dollar Tree (+13%), and Colgate Palmolive (+2%) while the worst performing holdings included Freeport-McMoran (-42%), Baker Hughes (-36%) and Rockwell Automation (-35%).

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## Total Domestic Equity



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Equity (C)	-16.7	0.5	2.3	-0.4
Rank v. Equity	56	46	45	54
Russell 3000® (6)	-15.3	0.6	1.4	-0.9
Equity Median	-15.8	0.1	1.9	0.1

<b>Portfolio Characteristics</b>	<b>Total Fund</b>	<b>Russell 3000®</b>
Eq Mkt Value (\$Mil)	1,278.77	N/A
Wtd. Avg. Cap (\$Bil)	48.85	71.41
Beta	1.07	1.04
Yield (%)	1.65 %	2.24 %
P/E Ratio	15.15	14.28
Cash (%)	7.0 %	0.0 %

<b>Sector</b>	<b>Total Fund</b>	<b>Russell 3000®</b>
Energy	9.9 %	10.7 %
Materials	4.5	3.9
Industrials	10.6	10.8
Cons. Discretionary	14.4	11.7
Consumer Staples	4.3	10.2
Health Care	12.9	12.2
Financials	15.6	14.8
Info Technology	22.9	18.8
Telecom Services	2.2	3.0
Utilities	2.7	4.1

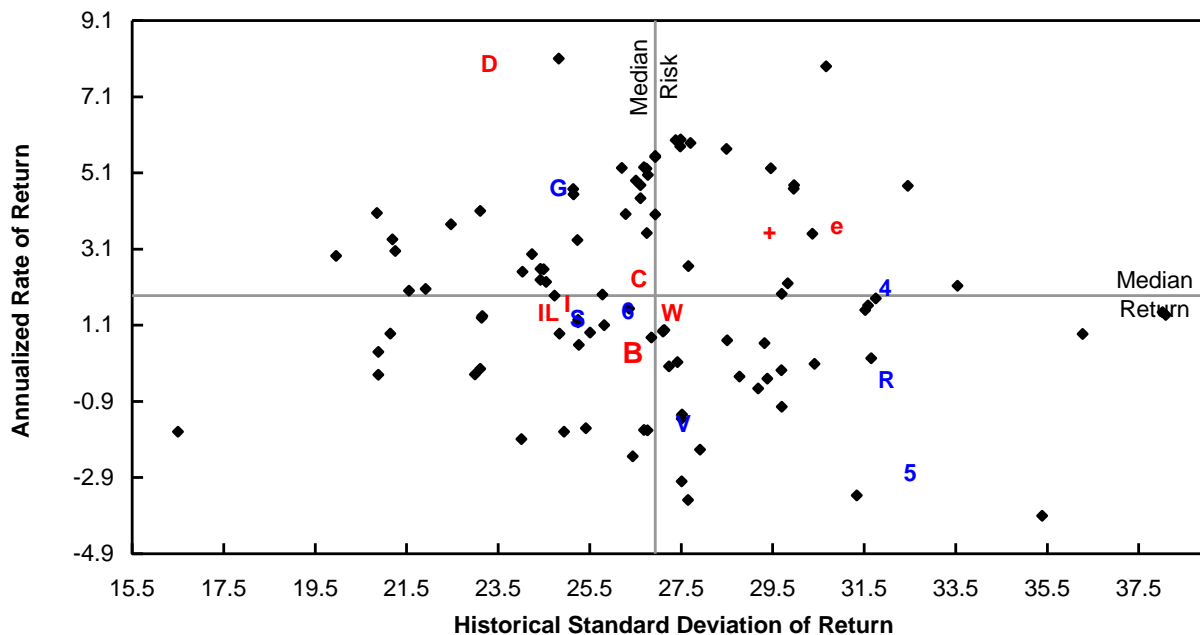
CCCERA total domestic equities returned -16.7% in the third quarter, which trailed the -15.3% return of the Russell 3000® Index and ranked in the 56<sup>th</sup> percentile of all equity managers. For the one-year period, the CCCERA equity return of 0.5% nearly matched the 0.6% return of the Russell 3000® and ranked in the 46<sup>th</sup> percentile. Over the past three years, CCCERA domestic equities exceeded the Russell 3000® index and the median manager. Over the past five years the domestic equities exceeded the Russell 3000®, but slightly trailed the median.

The combined domestic equity portfolio has a beta of 1.07x, a below-index yield and an above-index P/E ratio. The portfolio is broadly diversified with positions in 1,241 stocks. The combined portfolio's largest economic sector over-weights are in the information technology, consumer discretionary and financials sectors, while the largest under-weights are in the consumer staples, utilities and energy sectors.

# MANAGER COMMENTS – DOMESTIC EQUITY

## Domestic Equity Performance and Variability

Three Years Ending September 30, 2011

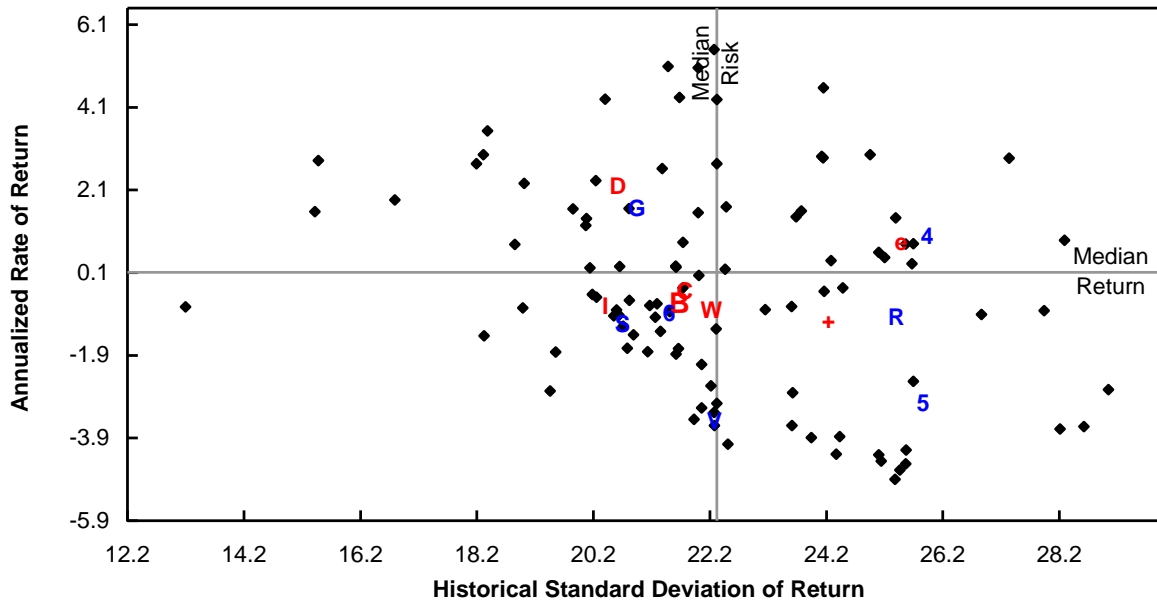


Domestic Equity Manager	Annualized Return	Standard Deviation	Risk/Reward Ratio
Boston Partners ( <b>B</b> )	0.4 %	26.5 %	0.01
Delaware ( <b>D</b> )	8.0	23.3	0.33
Emerald ( <b>e</b> )	3.7	30.9	0.11
INTECH Enhanced ( <b>I</b> )	1.6	25.0	0.06
INTECH Large Core ( <b>IL</b> )	1.4	24.6	0.05
PIMCO StocksPLUS ( <b>+</b> )	3.6	29.4	0.11
Wentworth, Hauser ( <b>W</b> )	1.4	27.3	0.04
Domestic Equity ( <b>C</b> )	2.3	26.6	0.08
Russell® 3000 ( <b>6</b> )	1.4	26.3	0.05
S&P 500 ( <b>S</b> )	1.2	25.2	0.04
Russell 1000® Growth ( <b>G</b> )	4.7	24.8	0.18
Russell 1000® Value ( <b>V</b> )	-1.5	27.6	-0.06
Russell 2000® ( <b>R</b> )	-0.4	32.0	-0.02
Russell 2000® Growth ( <b>4</b> )	2.1	32.0	0.06
Russell 2000® Value ( <b>5</b> )	-2.8	32.5	-0.09
Median Equity Port.	1.9	26.9	0.06



## Domestic Equity Performance and Variability

Five Years Ending September 30, 2011



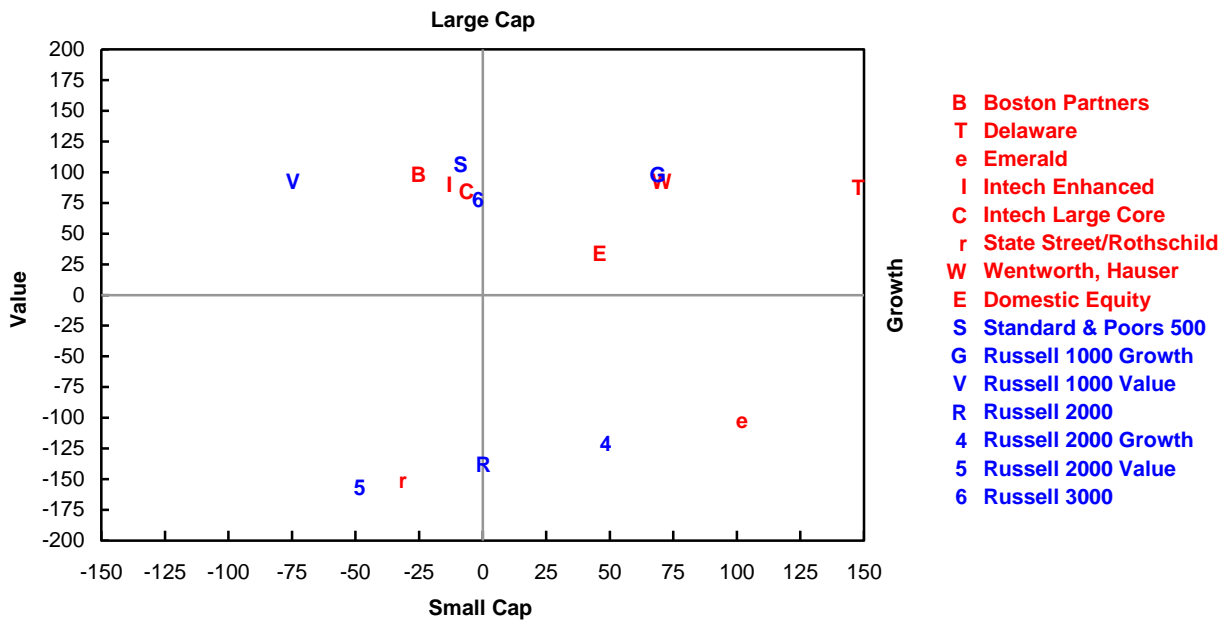
Domestic Equity Manager	Annualized Return	Standard Deviation	Risk/Reward Ratio
Boston Partners ( <b>B</b> )	-0.7 %	21.7 %	-0.11
Delaware ( <b>D</b> )	2.2	20.6	0.02
Emerald ( <b>e</b> )	0.8	25.5	-0.04
INTECH Enhanced ( <b>I</b> )	-0.7	20.4	-0.12
PIMCO StocksPLUS ( <b>+</b> )	-1.1	24.2	-0.12
Wentworth, Hauser ( <b>W</b> )	-0.8	22.2	-0.12
Domestic Equity ( <b>C</b> )	-0.4	21.8	-0.10
Russell® 3000 ( <b>6</b> )	-0.9	21.5	-0.12
S&P 500 ( <b>S</b> )	-1.2	20.7	-0.14
Russell 1000® Growth ( <b>G</b> )	1.6	20.9	-0.01
Russell 1000® Value ( <b>V</b> )	-3.5	22.3	-0.24
Russell 2000® ( <b>R</b> )	-1.0	25.4	-0.11
Russell 2000® Growth ( <b>4</b> )	1.0	25.9	-0.03
Russell 2000® Value ( <b>5</b> )	-3.1	25.8	-0.19
Median Equity Port.	0.1	22.3	-0.07

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# MANAGER COMMENTS - DOMESTIC EQUITY

## Domestic Equity Style Map

As of September 30, 2011



## PORTFOLIO PROFILE REPORT

	<b>Russell 3000® 9/30/2011</b>	<b>Combined Equity 9/30/2011</b>	<b>Russell 1000® Value 9/30/2011</b>	<b>Boston 9/30/2011</b>	<b>Russell 1000® Growth 9/30/2011</b>	<b>Delaware 9/30/2011</b>
Equity Market Value (\$000)		1,278,775		243,276		263,417
Beta	1.04	1.07	1.04	1.09	1.00	0.97
Yield	2.24	1.65	2.85	2.34	1.74	0.70
P/E Ratio	14.28	15.15	12.61	11.40	15.33	20.74
Standard Error	1.41	1.71	1.93	2.54	1.97	4.26
R <sup>2</sup>	0.98	0.98	0.96	0.94	0.96	0.85
Wtd Cap Size (\$Mil)	71,413	48,845	66,090	75,342	88,266	59,205
Avg Cap Size (\$Mil)	801	3,382	4,090	16,116	4,923	19,075
Number of Holdings	2,960	1,241	656	78	590	28
<b>Economic Sectors</b>						
Energy	10.70	9.85	11.81	11.53	10.34	4.01
Materials	3.90	4.52	2.56	1.38	5.11	2.76
Industrials	10.80	10.57	8.79	8.96	12.08	4.15
Consumer Discretionary	11.66	14.42	8.60	17.17	14.45	17.92
Consumer Staples	10.17	4.31	8.33	3.10	13.03	2.96
Health Care	12.18	12.88	13.20	13.93	11.05	11.40
Financials	14.76	15.61	24.72	24.63	3.74	7.49
Information Technology	18.78	22.87	8.80	17.36	28.87	44.60
Telecom. Services	2.98	2.24	5.07	0.84	1.24	4.70
Utilities	4.07	2.73	8.12	1.09	0.09	0.00

## PORTFOLIO PROFILE REPORT

	<b>S&amp;P 500</b>	<b>Intech</b>	<b>Intech</b>	<b>PIMCO+</b>	<b>Wentworth</b>
	<b>Cap Wtd</b>	<b>Enhanced</b>	<b>Large Cap</b>	<b>(S&amp;P 500)</b>	
	<b>9/30/2011</b>	<b>9/30/2011</b>	<b>9/30/2011</b>	<b>9/30/2011</b>	<b>9/30/2011</b>
Equity Market Value (\$000)		20,764	156,511	143,428	163,140
Beta	1.00	0.98	0.97	1.00	1.06
Yield	2.38	2.41	2.33	2.38	1.49
P/E Ratio	13.53	13.59	13.76	13.53	12.71
Standard Error	0.00	1.20	1.73	0.00	3.10
R <sup>2</sup>	1.00	0.98	0.97	1.00	0.93
Wtd Cap Size (\$Mil)	86,962	71,363	64,667	86,962	55,443
Avg Cap Size (\$Mil)	9,793	11,964	10,725	9,793	26,727
Number of Holdings	500	348	273	500	33
<b>Economic Sectors</b>					
Energy	11.63	14.93	17.49	11.63	16.55
Materials	3.36	3.99	5.98	3.36	6.58
Industrials	10.27	10.70	9.30	10.27	17.11
Consumer Discretionary	10.57	10.14	10.07	10.57	9.13
Consumer Staples	11.76	11.08	10.30	11.76	4.89
Health Care	12.14	13.62	16.15	12.14	14.27
Financials	13.59	9.16	7.93	13.59	10.50
Information Technology	19.44	15.89	13.39	19.44	20.98
Telecom. Services	3.29	4.66	3.90	3.29	0.00
Utilities	3.97	5.84	5.49	3.97	0.00

## PORTFOLIO PROFILE REPORT

	<b>Russell 2000® 9/30/2011</b>	<b>Russell 2000® Value 9/30/2011</b>	<b>SSgA/ Rothschild 9/30/2011</b>	<b>Russell 2000® Growth 9/30/2011</b>	<b>Emerald 9/30/2011</b>
Equity Market Value (\$000)			146,278		141,961
Beta	1.23	1.19	1.21	1.27	1.28
Yield	1.65	2.50	2.26	0.80	0.31
P/E Ratio	22.99	19.45	19.43	28.02	29.19
Standard Error	5.11	5.73	5.44	5.08	6.09
R <sup>2</sup>	0.87	0.82	0.85	0.88	0.84
Wtd Cap Size (\$Mil)	1,054	927	1,190	1,181	1,501
Avg Cap Size (\$Mil)	405	348	475	480	1,063
Number of Holdings	1,978	1,364	662	1,159	102
<b>Economic Sectors</b>					
Energy	6.24	4.76	4.87	7.72	6.84
Materials	4.51	4.98	5.37	4.04	3.12
Industrials	15.07	14.35	14.15	15.80	16.68
Consumer Discretionary	13.07	11.41	11.60	14.73	20.26
Consumer Staples	3.83	3.11	2.45	4.55	2.86
Health Care	12.96	5.38	6.70	20.52	17.61
Financials	22.10	36.24	36.34	8.00	6.49
Information Technology	17.23	11.12	11.35	23.32	24.57
Telecom. Services	0.98	0.72	0.26	1.23	1.57
Utilities	4.00	7.93	6.92	0.09	0.00

## PORTFOLIO PROFILE REPORT

	<b>Russell 3000® 9/30/2011</b>	<b>Combined Equity 9/30/2011</b>	<b>Russell 1000® Value 9/30/2011</b>	<b>Boston 9/30/2011</b>	<b>Russell 1000® Growth 9/30/2011</b>	<b>Delaware 9/30/2011</b>
<b>Beta Sectors</b>						
1 0.0 - 0.9	0.00	37.34	47.00	33.04	42.94	39.03
2 0.9 - 1.1	43.95	21.42	12.55	22.01	18.72	33.05
3 1.1 - 1.3	15.53	16.34	14.46	17.02	19.84	23.44
4 1.3 - 1.5	16.91	10.80	9.38	12.45	8.15	2.86
5 Above 1.5	9.13	14.10	16.61	15.47	10.35	1.62
<b>Yield Sectors</b>						
1 Above 5.0	0.00	33.16	10.48	12.02	28.93	46.33
3 3.0 - 5.0	22.50	19.56	15.30	17.62	15.48	35.68
3 1.5 - 3.0	15.16	26.22	24.71	36.30	32.54	15.47
4 0.0 - 1.5	27.31	17.92	40.60	31.95	21.08	2.52
5 0.0	29.34	3.15	8.90	2.11	1.97	0.00
<b>P/E Sectors</b>						
1 0.0 - 12.0	0.00	29.38	45.69	50.12	22.19	2.52
2 12.0 -20.0	34.18	46.71	43.21	39.23	56.66	58.33
3 20.0 -30.0	48.47	10.95	5.36	6.94	11.32	17.24
4 30.0 - 150.0	8.67	9.49	4.94	3.71	8.69	12.01
5 N/A	7.48	3.47	0.80	0.00	1.14	9.89
<b>Capitalization Sectors</b>						
1 Above 20.0 (\$Bil)	0.00	46.01	61.30	61.44	64.52	54.61
2 10.0 - 20.0	58.10	14.89	16.46	21.01	12.83	19.90
3 5.0 - 10.0	13.51	11.84	9.56	5.99	12.34	18.44
4 1.0 - 5.0	10.12	16.87	12.57	11.56	10.27	7.04
5 0.5 - 1.0	14.15	5.09	0.10	0.00	0.04	0.00
6 0.1 - 0.5	2.31	4.92	0.00	0.00	0.00	0.00
7 0.0 - 0.1	1.77	0.38	0.00	0.00	0.00	0.00
<b>5 Yr Earnings Growth</b>						
1 N/A	0.00	31.67	49.10	43.04	20.38	10.45
2 0.0 -10.0	35.37	30.11	30.44	26.80	31.81	34.82
3 10.0 -20.0	30.94	19.47	15.66	22.89	28.60	15.59
4 Above 20.0	21.75	18.74	4.80	7.27	19.21	39.14

## PORTFOLIO PROFILE REPORT

	<b>S&amp;P 500 Cap Wtd 9/30/2011</b>	<b>Intech Enhanced 9/30/2011</b>	<b>Intech Large Cap 9/30/2011</b>	<b>PIMCO+ (S&amp;P 500) 9/30/2011</b>	<b>Wentworth 9/30/2011</b>
<b>Beta Sectors</b>					
1 0.0 - 0.9	46.63	48.54	48.96	46.63	31.61
2 0.9 - 1.1	16.07	16.84	17.66	16.07	26.74
3 1.1 - 1.3	17.49	13.73	12.08	17.49	14.10
4 1.3 - 1.5	7.98	7.86	9.69	7.98	12.30
5 Above 1.5	11.84	13.03	11.60	11.84	15.25
<b>Yield Sectors</b>					
1 Above 5.0	15.75	14.52	13.27	15.75	30.60
3 3.0 - 5.0	15.24	16.71	18.97	15.24	16.53
3 1.5 - 3.0	30.73	32.48	35.84	30.73	39.27
4 0.0 - 1.5	33.03	30.76	27.23	33.03	13.60
5 0.0	5.25	5.53	4.69	5.25	0.00
<b>P/E Sectors</b>					
1 0.0 - 12.0	33.99	33.79	34.12	33.99	26.04
2 12.0 -20.0	52.41	50.64	49.32	52.41	60.61
3 20.0 -30.0	7.39	9.38	10.20	7.39	11.15
4 30.0 - 150.0	5.55	5.62	5.44	5.55	2.20
5 N/A	0.67	0.57	0.92	0.67	0.00
<b>Capitalization Sectors</b>					
1 Above 20.0 (\$Bil)	70.98	52.75	49.42	70.98	64.30
2 10.0 - 20.0	15.69	20.07	22.44	15.69	15.40
3 5.0 - 10.0	9.99	20.71	23.28	9.99	18.11
4 1.0 - 5.0	3.33	6.47	4.85	3.33	2.20
5 0.5 - 1.0	0.02	0.00	0.00	0.02	0.00
6 0.1 - 0.5	0.00	0.00	0.00	0.00	0.00
7 0.0 - 0.1	0.00	0.00	0.00	0.00	0.00
<b>5 Yr Earnings Growth</b>					
1 N/A	33.87	33.58	34.51	33.87	26.71
2 0.0 -10.0	31.61	31.36	30.71	31.61	26.05
3 10.0 -20.0	22.74	24.45	22.60	22.74	22.28
4 Above 20.0	11.78	10.61	12.18	11.78	24.96

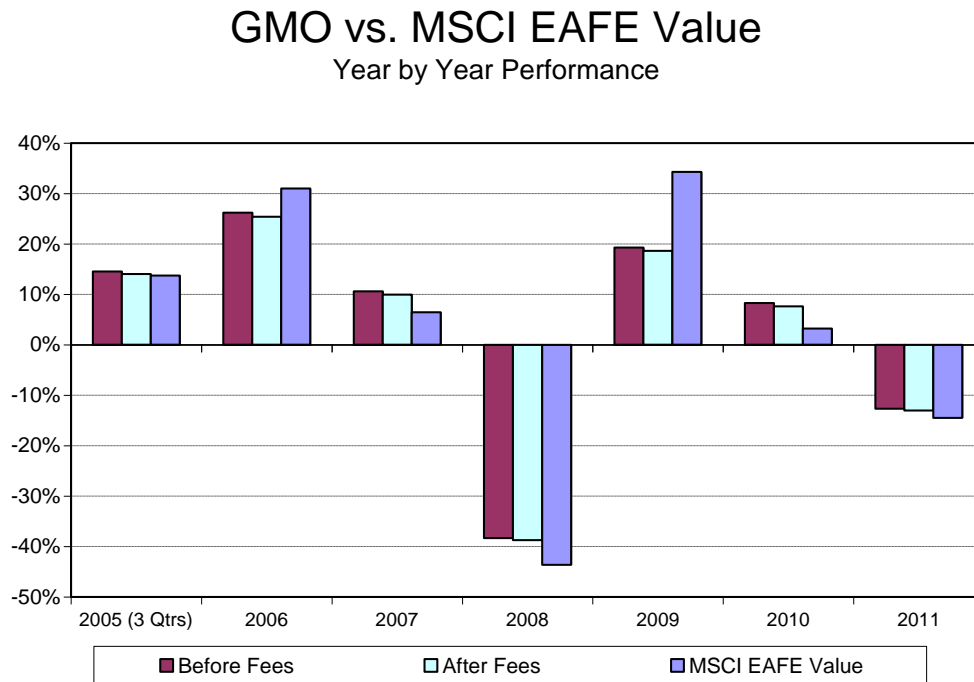
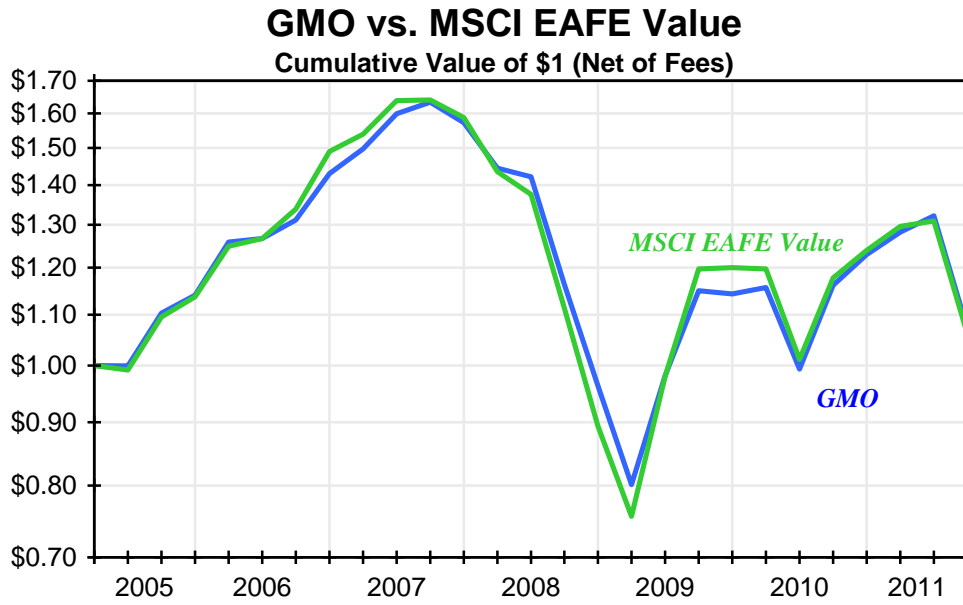


## PORTFOLIO PROFILE REPORT

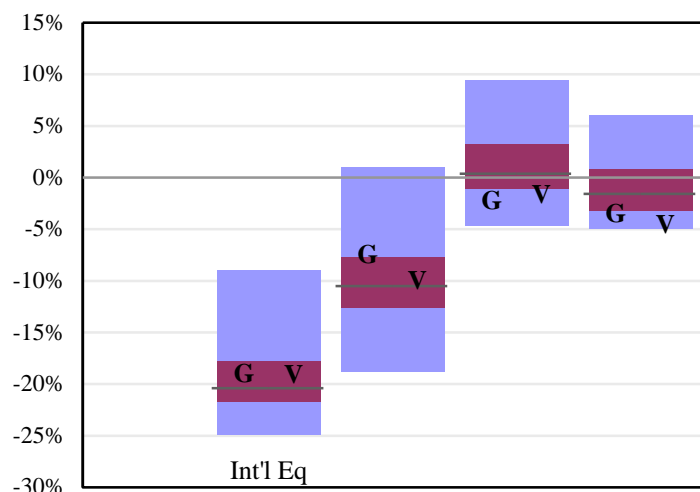
	<b>Russell 2000® 9/30/2011</b>	<b>Russell 2000® Value 9/30/2011</b>	<b>SSgA/ Rothschild 9/30/2011</b>	<b>Russell 2000® Growth 9/30/2011</b>	<b>Emerald 9/30/2011</b>
<b>Beta Sectors</b>					
1 0.0 - 0.9	31.79	0.00	36.87	0.00	24.81
2 0.9 - 1.1	13.86	35.05	13.19	28.50	11.43
3 1.1 - 1.3	13.64	13.85	10.47	13.87	14.52
4 1.3 - 1.5	13.65	13.08	12.83	14.20	23.40
5 Above 1.5	27.07	11.56	26.65	15.75	25.85
<b>Yield Sectors</b>					
1 Above 5.0	55.29	0.00	43.13	0.00	79.85
3 3.0 - 5.0	12.40	42.03	10.02	68.51	11.68
3 1.5 - 3.0	11.12	11.26	17.56	13.54	6.74
4 0.0 - 1.5	12.12	14.09	16.72	8.16	1.25
5 0.0	9.07	17.76	12.57	6.50	0.48
<b>P/E Sectors</b>					
1 0.0 - 12.0	38.77	0.00	44.92	0.00	21.01
2 12.0 -20.0	29.45	48.09	30.34	29.59	29.65
3 20.0 -30.0	12.26	28.95	7.61	29.94	14.01
4 30.0 - 150.0	15.48	9.75	15.16	14.73	26.25
5 N/A	4.05	10.72	1.97	20.16	9.08
<b>Capitalization Sectors</b>					
1 Above 20.0 (\$Bil)	0.00	0.00	0.00	0.00	0.00
2 10.0 - 20.0	0.00	0.00	0.00	0.00	0.00
3 5.0 - 10.0	0.00	0.00	0.67	0.00	1.85
4 1.0 - 5.0	47.05	0.00	46.03	0.00	59.49
5 0.5 - 1.0	29.29	39.70	20.42	54.37	24.78
6 0.1 - 0.5	23.07	29.60	29.85	28.98	13.58
7 0.0 - 0.1	0.59	30.00	3.03	16.18	0.31
<b>5 Yr Earnings Growth</b>					
1 N/A	45.87	0.00	51.31	0.00	31.43
2 0.0 -10.0	28.38	55.12	28.22	36.55	31.31
3 10.0 -20.0	15.77	25.43	13.21	31.34	16.55
4 Above 20.0	9.99	12.56	7.27	18.99	20.71

# MANAGER COMMENTS – INTERNATIONAL EQUITY

Grantham, Mayo, van Otterloo & Co



## Grantham, Mayo, van Otterloo & Co



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
GMO (G)	-19.0	-7.4	-2.2	-3.4
Rank v. Int'l Equity	33	65	85	77
EAFE Value (V)	-19.0	-10.0	-1.6	-4.6
Int'l Eq Median	-20.4	-10.5	0.4	-1.6

<b>Portfolio Characteristics</b>	<b>GMO</b>	<b>MSCI EAFE</b>
IEq Mkt Value (\$Mil)	283.7	N/A
Cash	0.0 %	0.0 %

<b>Over-Weighted Countries</b>	<b>GMO</b>	<b>MSCI EAFE</b>
Japan	27.5 %	23.1 %
Italy	6.5	2.3
France	12.6	9.1

<b>Under-Weighted Countries</b>	<b>GMO</b>	<b>MSCI EAFE</b>
Switzerland	3.1 %	8.6 %
Australia	5.2	8.4
Sweden	0.8	2.9

The GMO international value equity portfolio returned -19.0% in the third quarter, matching the -19.0% return of the MSCI EAFE Value Index, and ranked in the 33<sup>rd</sup> percentile of international equity managers. Over the past year, the portfolio has returned -7.4%, better than the -10.0% return of the EAFE Value Index, but ranked in the 65<sup>th</sup> percentile. Over the past five years, GMO has returned -3.4%, better than the -4.6% return of the EAFE Value Index, but ranked in the 77<sup>th</sup> percentile. GMO is in compliance with some of the CCCERA guidelines.

The portfolio's largest country over-weights were in Japan, Italy and France, while the largest under-weights were in the Switzerland, Australia and Sweden.

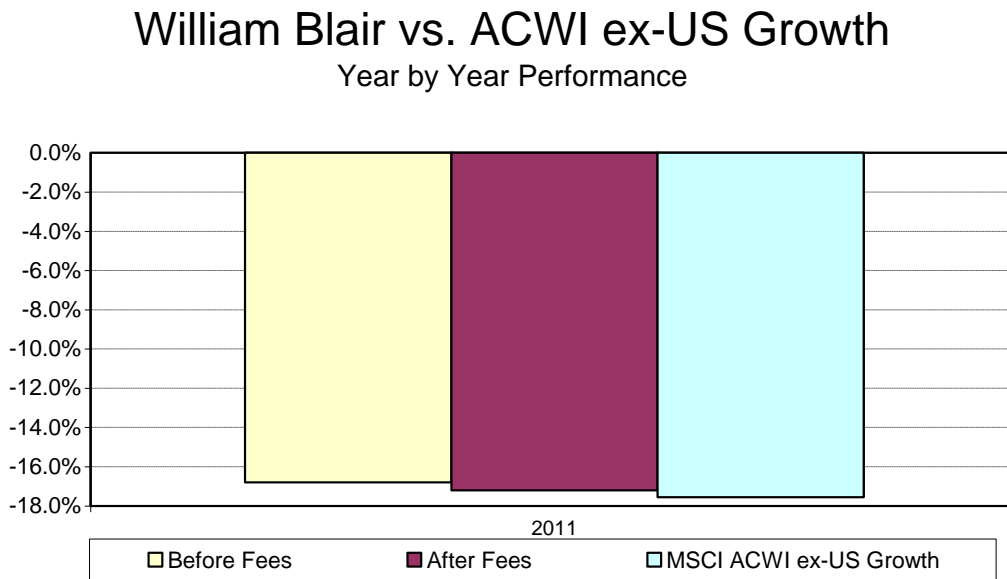
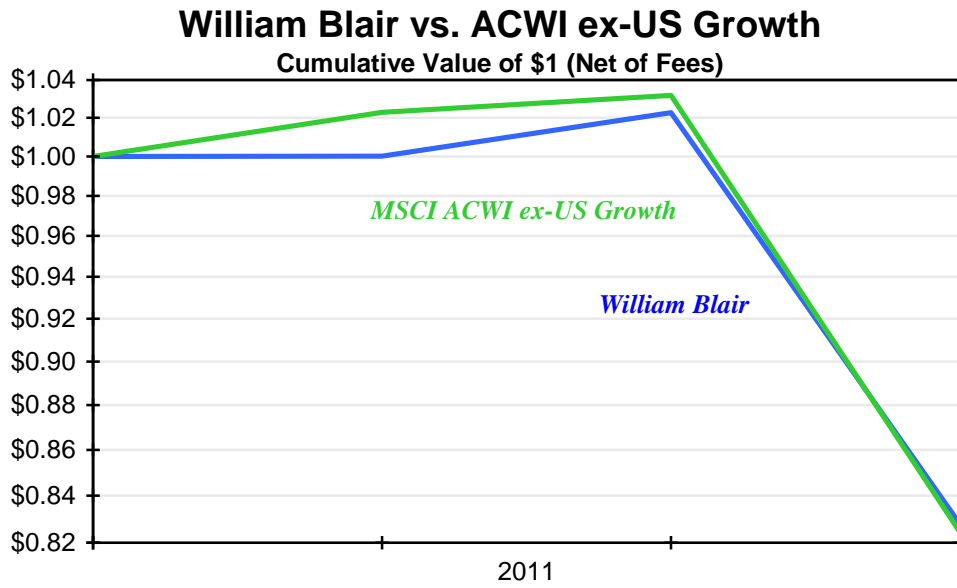
Both stock selection and country allocation decisions contributed to third quarter results. Stock selection in France and Japan was particularly strong. Trading decisions had a large negative impact on third quarter performance.

GMO's three-pronged investment discipline (momentum, quality-adjusted value and intrinsic value) had mixed results in the quarter. Stocks selected for their intrinsic value outperformed very strongly and those ranked highly by quality-adjusted value also performed better than the MSCI EAFE Index. Stocks chosen for their strong momentum characteristics underperformed.

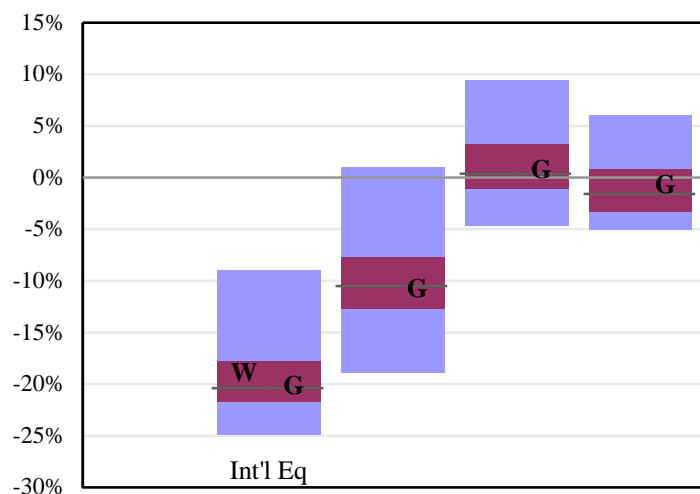
Individual stock positions that added significant value included overweights in GlaxoSmithKline, Takeda Pharmaceutical and AstraZeneca. Detractors included Enel, ING and Encana.

**MANAGER COMMENTS – INTERNATIONAL EQUITY**

**William Blair**



## William Blair



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Wm. Blair (W)	-18.9	-	-	-
Rank v. Intl Eq	30	-	-	-
ACWI xUS Gro (G)	-20.1	-10.8	0.8	-0.7
Int'l Eq Median	-20.4	-10.5	0.4	-1.6

<b>Portfolio Characteristics</b>	<b>William Blair</b>	<b>MSCI EAFE</b>
IEq Mkt Value (\$Mil)	270.0	N/A
Cash	0.0 %	0.0 %

<b>Over-Weighted Countries</b>	<b>William Blair</b>	<b>MSCI EAFE</b>
Canada	6.7 %	0.0 %
South Korea	4.4	0.0
Brazil	4.4	0.0

<b>Under-Weighted Countries</b>	<b>William Blair</b>	<b>MSCI EAFE</b>
Japan	13.9 %	23.1 %
Australia	0.0	8.4
Switzerland	4.6	8.6

William Blair returned -18.9% in the third quarter, better than the MSCI ACWI ex-US Growth Index return of -20.1%. This return ranked in the 30<sup>th</sup> percentile of international equity portfolios.

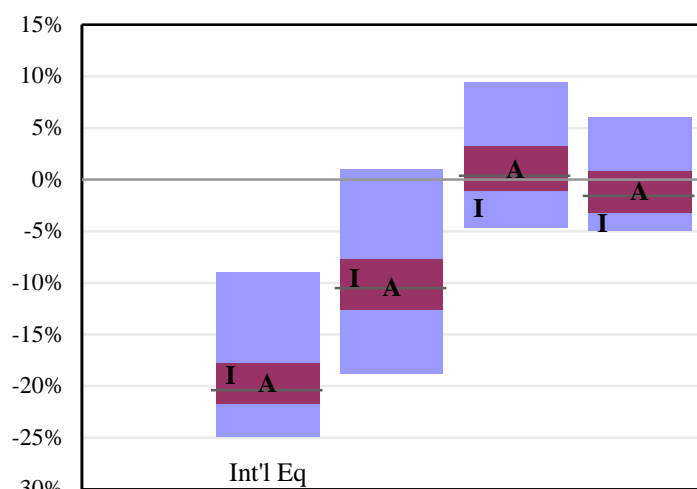
The portfolio's largest country over-weights relative to MSCI EAFE were in Canada, South Korea and Brazil, while the largest under-weights were in Japan, Australia and Switzerland.

Stock selection decisions were negative during the quarter while country allocation decisions were positive the quarter. Active trading decisions modestly boosted performance.

According to the manager, third quarter relative outperformance was driven by stock selection in the Consumer Discretionary, Financials, Information Technology and Energy sectors. Other positions that helped third quarter results included an underweight to the Materials sector and an overweight to the health care sector. Nearly all currency hedges were eliminated in September, with the exception of the yen.

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## Total International Equity



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Int'l Eq (I)	-19.0	-9.6	-2.8	-4.3
Rank v. Intl Eq	32	38	89	91
ACWI xUS (A)	-19.8	-10.4	1.0	-1.1
EAFE (E)	-19.0	-8.9	-0.7	-3.0
Int'l Eq Median	-20.4	-10.5	0.4	-1.6

<b>Portfolio Characteristics</b>	<b>Total International</b>	<b>MSCI EAFE</b>
IEq Mkt Value (\$Mil)	553.6	N/A
Cash	0.0 %	0.0 %

<b>Over-Weighted Countries</b>	<b>Total International</b>	<b>MSCI EAFE</b>
Canada	4.1 %	0.0 %
South Korea	2.2	0.0
Brazil	2.2	0.0

<b>Under-Weighted Countries</b>	<b>Total International</b>	<b>MSCI EAFE</b>
Australia	2.6 %	8.4 %
Switzerland	3.9	8.6
Japan	20.6	23.1

The total international equity composite returned -19.0% in the third quarter, matching the -19.0% return of the MSCI EAFE Index. This return ranked in the 32<sup>nd</sup> percentile of international equity managers. Over the past year, the total international equity composite returned -9.6%, below the -8.9% return of the MSCI EAFE Index, but ranked in the 38<sup>th</sup> percentile of international equity managers. Over the past five years the total international equity composite trailed the return of the MSCI EAFE Index and ranked well below median in the international equity universe.

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

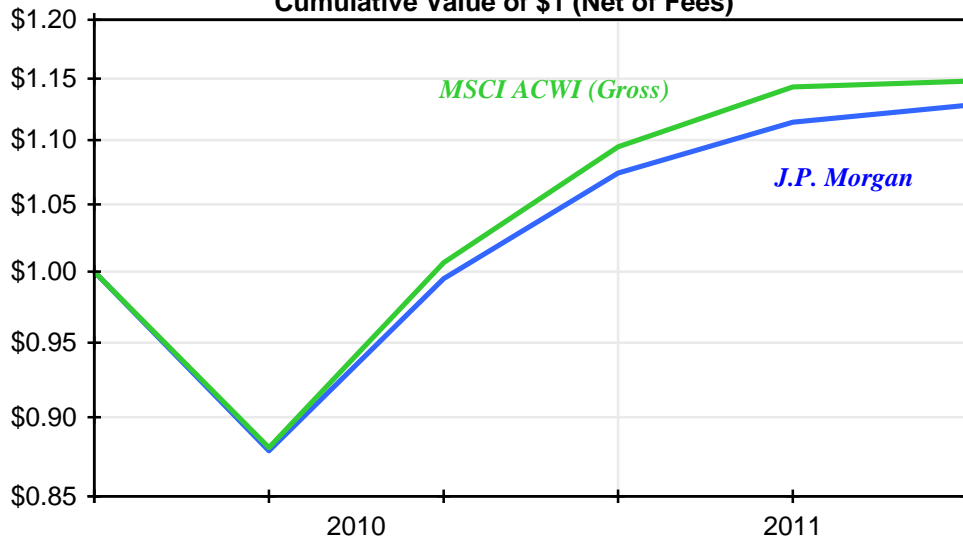
Stock selection decisions detracted from overall international equity results in the third quarter as while country allocation decisions were positive and offset the stock selection results. Active trading had a small negative impact on third quarter returns.

**MANAGER COMMENTS – GLOBAL EQUITY**

**J.P. Morgan Global Opportunities**

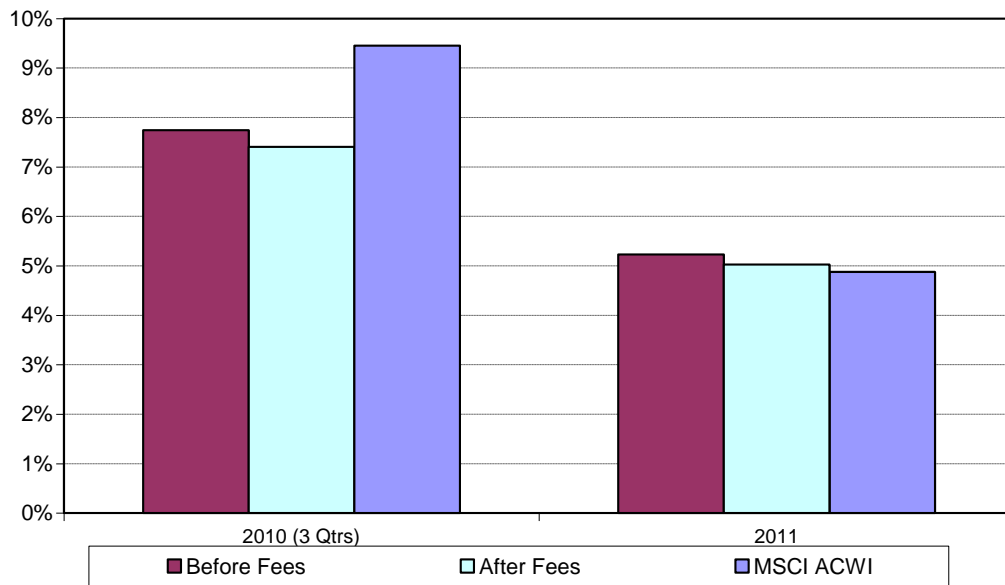
**J.P. Morgan vs. MSCI ACWI**

Cumulative Value of \$1 (Net of Fees)



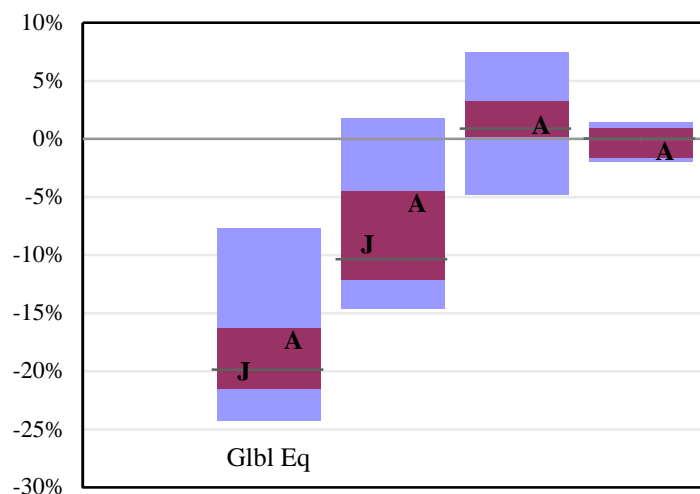
**J.P. Morgan vs. MSCI ACWI (Gross)**

Year by Year Performance





## J.P. Morgan Global Opportunities



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
J.P. Morgan (J)	-20.1	-9.1	-	-
Rank v. Gbl Equity	48	38	-	-
MSCI ACWI (A)	-17.3	-5.5	1.1	-1.1
Gbl Eq Median	-19.9	-10.4	0.9	0.0

Portfolio Characteristics	J.P. Morgan	MSCI ACWI
Mkt Value (\$Mil)	205.00	N/A
Cash (%)	0.0 %	0.0 %

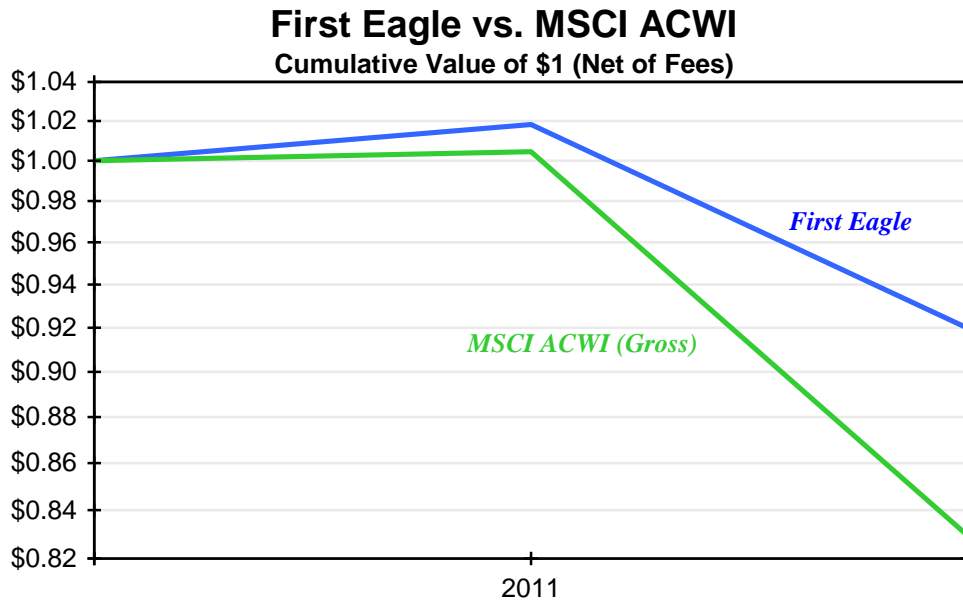
Sector	J.P. Morgan	MSCI ACWI
Energy	8.4 %	11.3 %
Materials	7.8	8.2
Industrials	10.0	10.2
Cons. Discretionary	15.4	10.1
Consumer Staples	8.3	10.6
Health Care	11.6	9.4
Financials	16.6	18.8
Info Technology	11.8	12.3
Telecom Services	4.2	5.2
Utilities	5.9	4.1

The J.P. Morgan global equity portfolio returned -20.1% in the third quarter, trailing the -17.3% return of the MSCI ACWI benchmark, but ranked in the 48<sup>th</sup> percentile of global equity managers. Over the past year, the portfolio has returned -9.1%, trailing the benchmark return of -5.5% but ranked in the 38<sup>th</sup> percentile.

The largest economic sector over-weights were in the consumer discretionary, health care and utilities sectors, while largest under-weights were in the energy, consumer staples and financials sectors. Stock selection decisions were negative while sector allocation and active trading decisions boosted overall results.

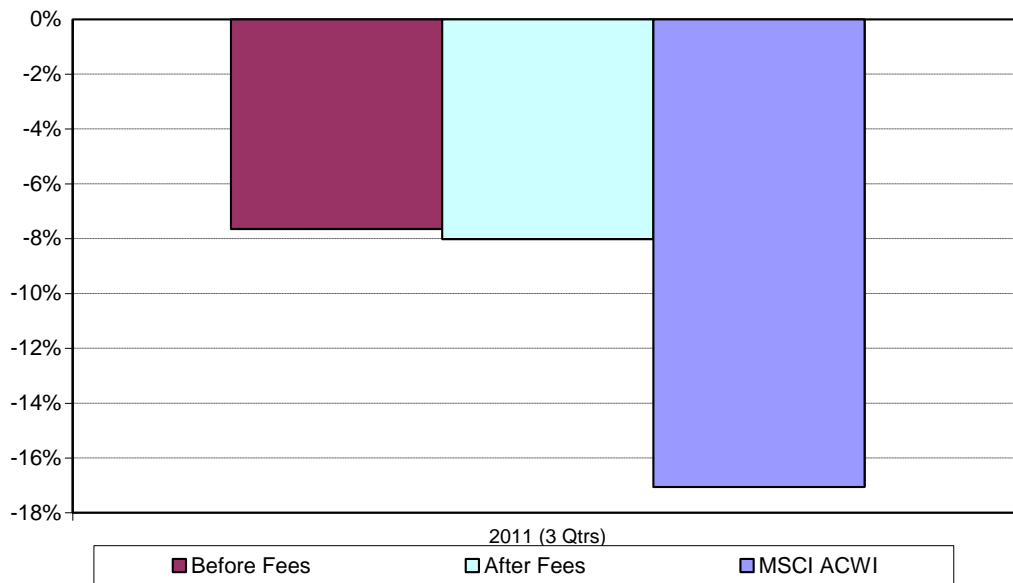
MANAGER COMMENTS – GLOBAL EQUITY

First Eagle

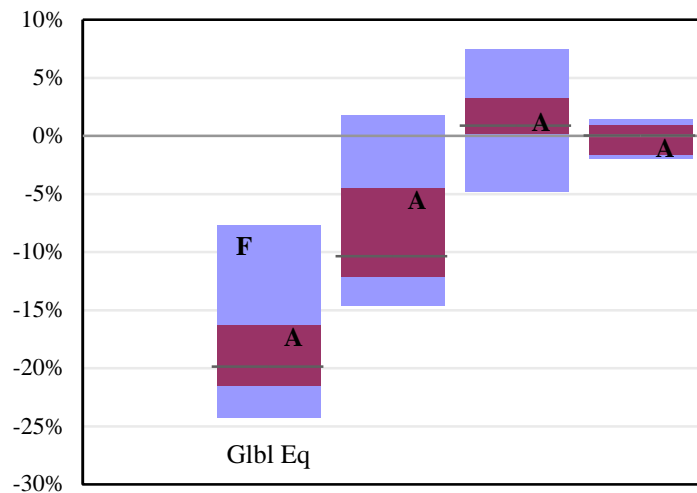


### First Eagle vs. MSCI ACWI (Gross)

Year by Year Performance



## First Eagle



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
First Eagle (F)	-9.5	-	-	-
Rank v. Gbl Equity	7	-	-	-
MSCI ACWI (A)	-17.3	-5.5	1.1	-1.1
Glbl Eq Median	-19.9	-10.4	0.9	0.0

Portfolio Characteristics	First Eagle	MSCI ACWI
Mkt Value (\$Mil)	114.71	N/A
Cash (%)	11.9 %	0.0 %

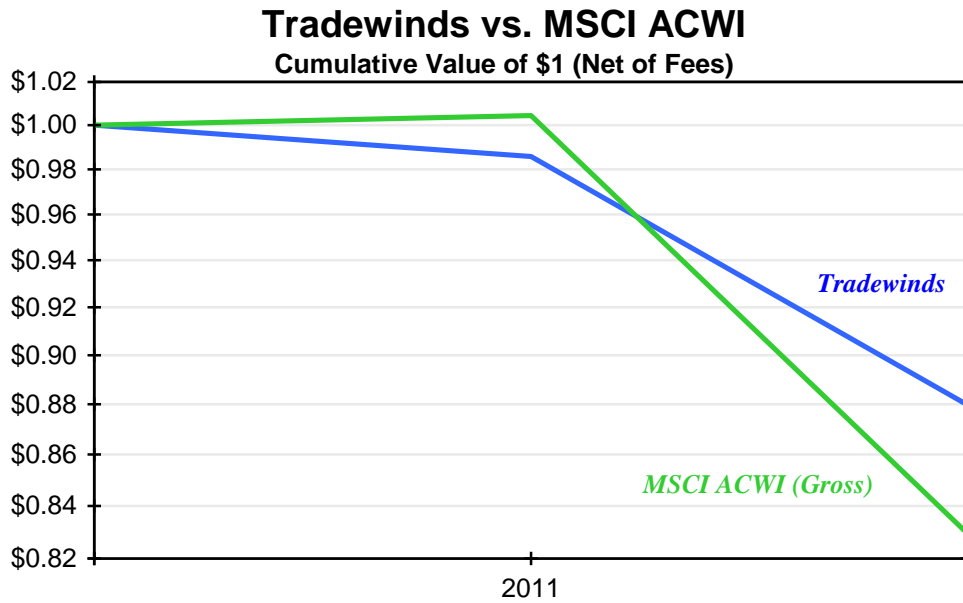
Sector	First Eagle	MSCI ACWI
Energy	5.8 %	11.3 %
Materials	9.9	8.2
Industrials	17.3	10.2
Cons. Discretionary	11.8	10.1
Consumer Staples	8.9	10.6
Health Care	6.4	9.4
Financials	18.0	18.8
Info Technology	16.3	12.3
Telecom Services	1.5	5.2
Utilities	4.3	4.1

The First Eagle portfolio returned -9.5% in the third quarter. This return was well above the MSCI ACWI Index return of -17.3% and ranked in the 7<sup>th</sup> percentile of global equity managers. As the low volatility component of the global equity program structure, First Eagle performed as expected during the third quarter selloff and provided considerable downside protection to the global equity structure.

The portfolio's largest economic sector over-weights were in the industrials, information technology and consumer discretionary sectors, while largest under-weights were in the energy, telecom and health care sectors. Stock selection and active trading decisions were strong while sector allocation decisions were slightly negative during the quarter. Stock selection within the financials and industrials sectors was particularly strong.

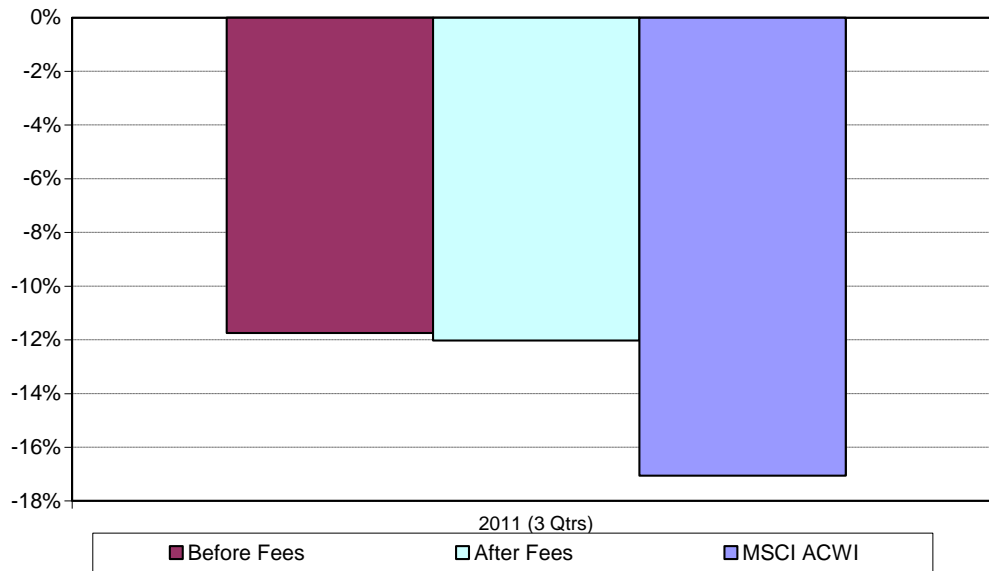
# MANAGER COMMENTS – GLOBAL EQUITY

## Tradewinds

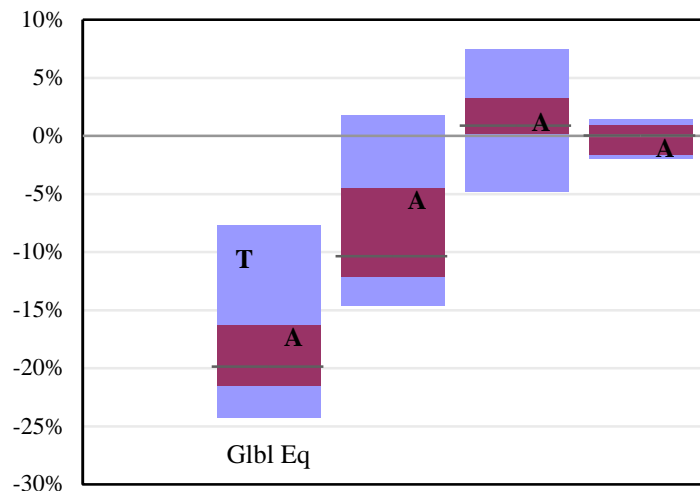


### Tradewinds vs. MSCI ACWI (Gross)

Year by Year Performance



## Tradewinds



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Tradewinds (T)	-10.6	-	-	-
Rank v. Gbl Equity	9	-	-	-
MSCI ACWI (A)	-17.3	-5.5	1.1	-1.1
Gbl Eq Median	-19.9	-10.4	0.9	0.0

<b>Portfolio Characteristics</b>	<b>Tradewinds</b>	<b>MSCI ACWI</b>
Mkt Value (\$Mil)	115.27	N/A
Cash (%)	0.0 %	0.0 %

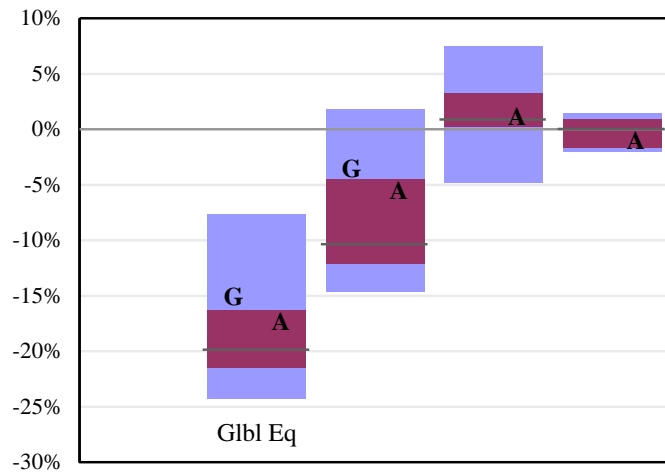
<b>Sector</b>	<b>Tradewinds</b>	<b>MSCI ACWI</b>
Energy	10.7 %	11.3 %
Materials	17.1	8.2
Industrials	16.3	10.2
Cons. Discretionary	6.9	10.1
Consumer Staples	3.8	10.6
Health Care	6.8	9.4
Financials	11.5	18.8
Info Technology	6.3	12.3
Telecom Services	9.7	5.2
Utilities	10.8	4.1

The Tradewinds portfolio returned -10.6% in the second quarter. This was much better than the MSCI ACWI Index return of -17.3% and ranked in the 9<sup>th</sup> percentile of global equity managers.

The portfolio's largest economic sector over-weights were in the materials, utilities and industrials sectors, while largest under-weights were in the in financials, consumer staples and information technology sectors. Stock selection decisions were quite strong while sector allocation and active trading decisions had much smaller negative impacts on overall results. Stock selection within the materials and industrials sectors was particularly strong.

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## Total Global Equity



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Global Equity (G)	-15.1	-3.5	-	-
Rank v. Glbl Equity	21	17	-	-
MSCI ACWI (A)	-17.3	-5.5	1.1	-1.1
Glbl Eq Median	-19.9	-10.4	0.9	0.0

<b>Portfolio Characteristics</b>	<b>Global Equity</b>	<b>MSCI ACWI</b>
Mkt Value (\$Mil)	434.98	N/A
Cash (%)	3.0 %	0.0 %

<b>Sector</b>	<b>Global Equity</b>	<b>MSCI ACWI</b>
Energy	8.4 %	11.3 %
Materials	10.8	8.2
Industrials	13.4	10.2
Cons. Discretionary	12.3	10.1
Consumer Staples	7.2	10.6
Health Care	9.1	9.4
Financials	15.5	18.8
Info Technology	11.3	12.3
Telecom Services	5.1	5.2
Utilities	6.9	4.1

The Global Equity composite returned -15.1% in the third quarter, better than the -17.3% return of the MSCI ACWI benchmark, and ranked in the 21<sup>st</sup> percentile of global equity managers. Over the past year, the composite has returned -3.5%, better than the -5.5% return of the MSCI ACWI benchmark, and ranked in the 17<sup>th</sup> percentile.

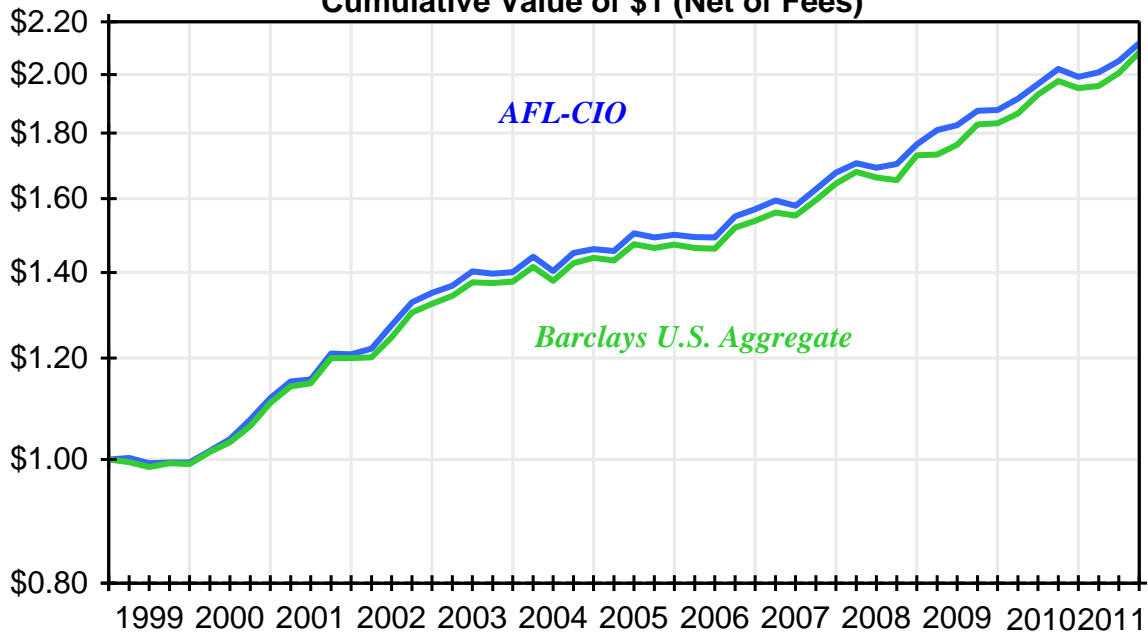
The portfolio's largest economic sector over-weights were in the industrials, utilities and materials sectors, while largest under-weights were in the in consumer staples, financials and energy sectors. Stock selection and active trading decisions were positive while sector allocation decisions were slightly negative.

MANAGER COMMENTS – FIXED INCOME

AFL-CIO Housing Investment Trust

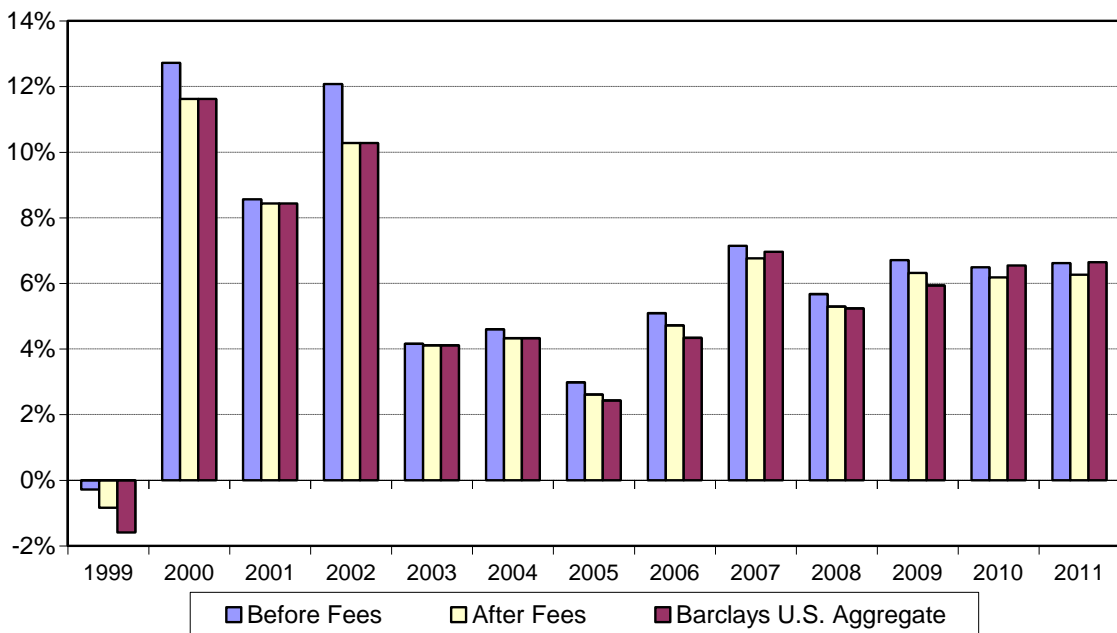
**AFL-CIO vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)



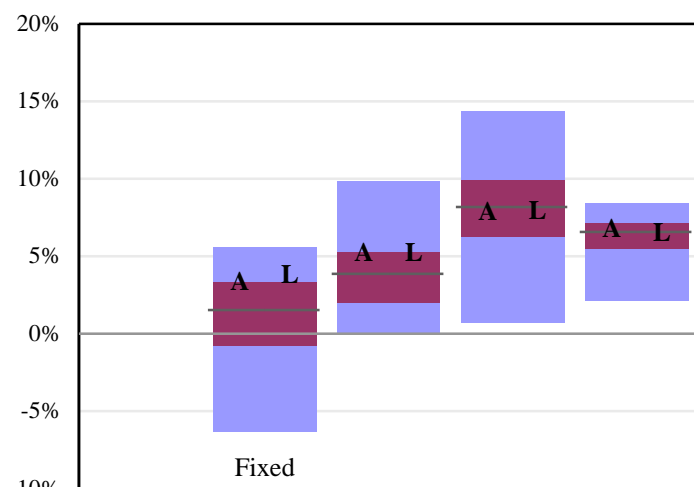
**AFL-CIO vs. Barclays U.S. Aggregate**

Year by Year Performance





## AFL-CIO Housing Investment Trust



	Qtr	1 Year	3 Years	5 Years
AFL-CIO (A)	3.4	5.2	7.9	6.8
Rank v. Fixed	24	27	57	38
BC Agg (L)	3.8	5.3	8.0	6.5
Fixed Median	1.5	3.9	8.2	6.6

Portfolio Characteristics	AFL CIO	Barclays Aggregate
Mkt Value (\$Mil)	188.1	n/a
Yield to Maturity (%)	4.4 %	2.4 %
Duration (yrs)	4.3	5.0
Avg. Quality	AGY	AA1/AA2

Sectors	AFL CIO	Barclays Aggregate
Treasury/Agency	6 %	42 %
Single-Family MBS	27	35
Multi-Family MBS	65	0
Corporates	0	20
High Yield	0	0
ABS/CMBS	0	3
Other	0	0
Cash	2	0

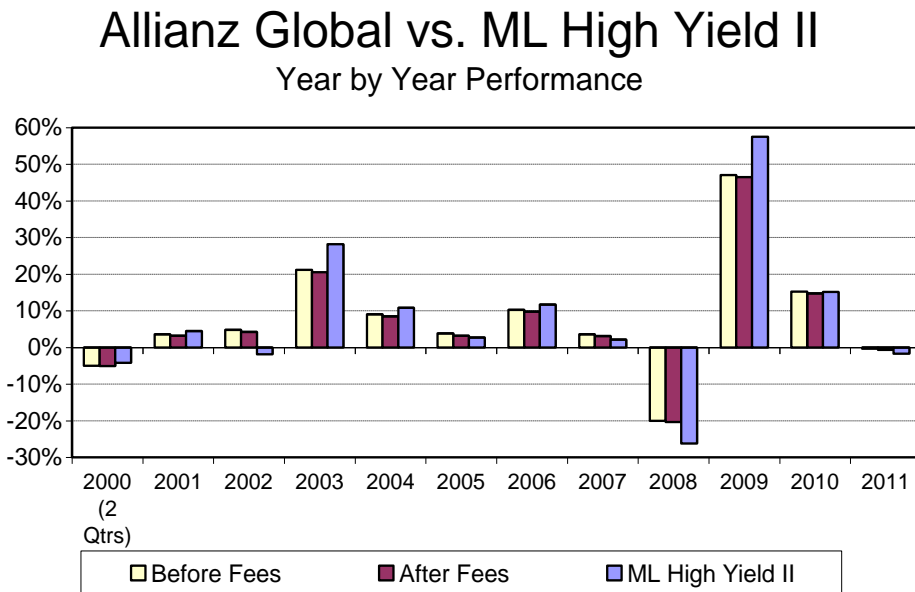
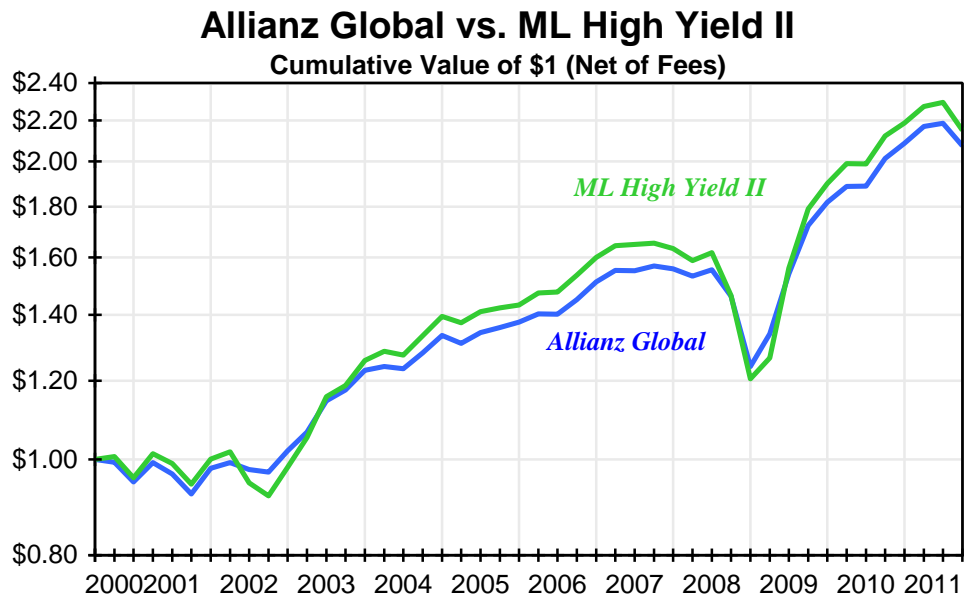
The AFL-CIO Housing Investment Trust (HIT) returned 3.4% in the third quarter, trailing the 3.8% return of the Barclays U.S. Aggregate. The portfolio ranked in the 24<sup>th</sup> percentile of fixed income managers. For the past year, AFL-CIO returned 5.2%, near the return of the Barclays U.S. Aggregate and ranked in the 27<sup>th</sup> percentile. Over the past five years, AFL-CIO has exceeded the Barclays U.S. Aggregate and the median, meeting performance objectives.

At the end of the third quarter, the AFL-CIO Housing Investment Trust had 6% in US Treasury notes, 27% allocated to single-family mortgage backed securities, 65% allocated to multi-family mortgage backed securities and 2% to short-term securities. The AFL-CIO portfolio duration at the end of the third quarter was 4.3 years and the yield of the portfolio was 4.4%.

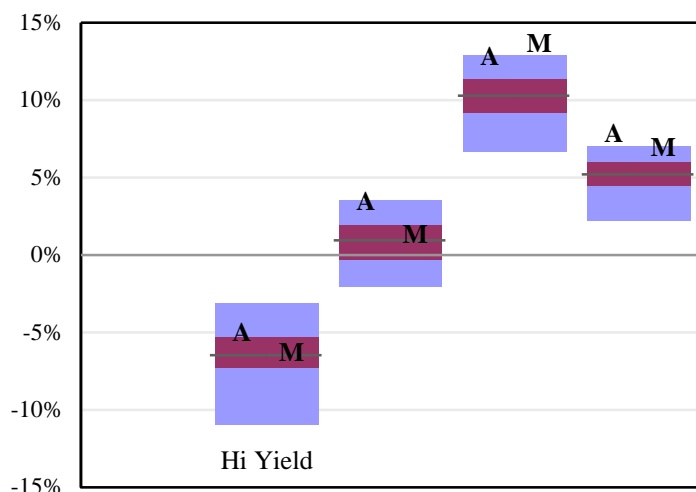
The HIT's third quarter results were helped by the portfolio's persistent yield advantage over the Barclays Aggregate Index, a lack of exposure to corporate bonds, and an overweight to higher quality assets. The structural overweight to spread assets hurt performance in the third quarter, as did the relatively weak performance of the Agency multifamily MBS in the portfolio.

**MANAGER COMMENTS – FIXED INCOME**

**Allianz Global Investors**



## Allianz Global Investors



Portfolio Characteristics	Allianz Global	ML High Yield II
Mkt Value (\$Mil)	174.3	n/a
Yield to Maturity (%)	9.5 %	9.5 %
Duration (yrs)	4.4	4.5
Avg. Quality	B1	B1

Quality Distribution	Allianz Global	ML High Yield II
A	0 %	0 %
BBB	3	0
BB	16	47
B	72	39
CCC	7	14

	Qtr	1 Year	3 Years	5 Years
Allianz Gblb (A)	-5.0	3.5	12.8	7.9
Rank v. Hi Yield	19	5	5	1
ML HY II (M)	-6.3	1.3	13.7	7.0
ML BB/B (B)	-5.0	2.0	12.0	6.3
Hi Yield Median	-6.5	1.0	10.3	5.2

Allianz Global's high yield fixed income portfolio returned -5.0% for the third quarter, which was better than the -6.3% return of the Merrill Lynch High Yield II Index and ranked in the 19<sup>th</sup> percentile of high yield managers. Allianz Global returned 3.5% over the past year compared to 1.3% for the ML High Yield II Index and 1.0% for the median. For the five-year period, Allianz Global's return of 7.9% was better than the 7.0% return of the ML High Yield II Index and ranked in the 1<sup>st</sup> percentile.

As of September 30, 2011, the Allianz Global high yield portfolio was allocated 3% to BBB rated securities compared to 0% for the ML High Yield II Index, 16% to BB rated issues to 47% for the Index, 72% to B rated issues to 39% in the Index and 7% to CCC rated securities compared to 14% for the Index. The portfolio's September 30, 2011 duration was 4.4 years, shorter than the 4.5 year duration of the ML High Yield II Index.

The portfolio's consistent avoidance of the lowest quality and distressed issuers helped relative results in the third quarter. Extreme positive and negative one-day moves occurred throughout the quarter. The portfolio holdings both participated in the up markets and protected in the more frequent down market days. However, the portfolio was underweighted to the tightest spread issues (which outperformed on the back of the ten-year Treasury bond rally). Industry allocations that helped relative performance in the quarter included telecoms and banking. The only purchase in the portfolio was Examworks Group. CB Richard Ellis, Petrohawk Energy and Winstream were all sold due to narrow spreads. HCA was called.

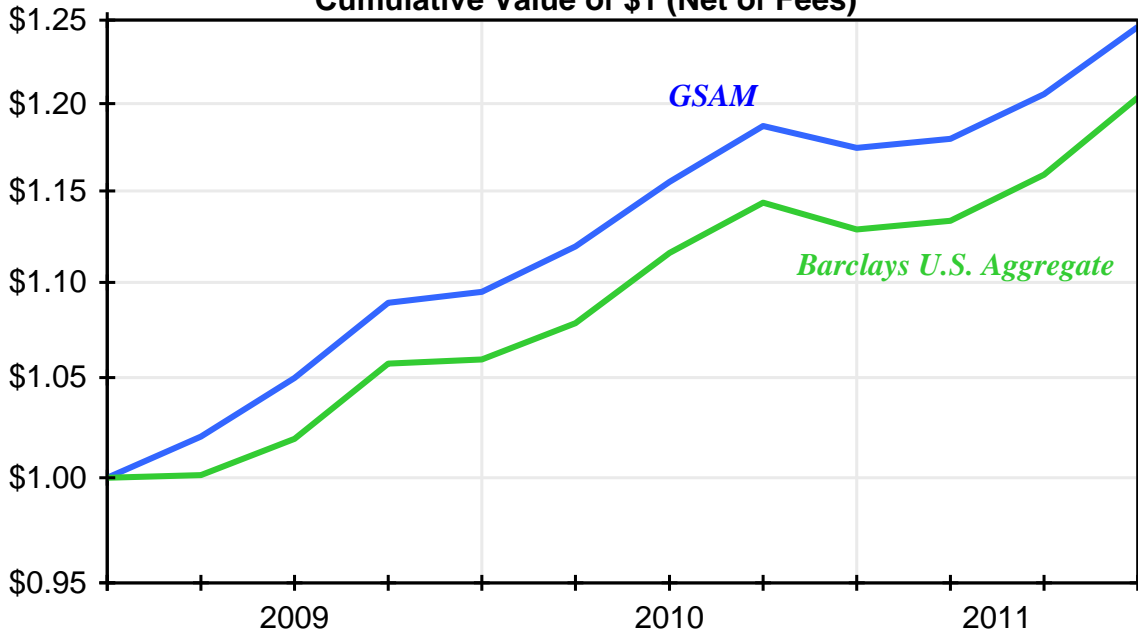
Allianz feels that while the macro outlook is troubled, the outlook for the high yield market remains positive. Allianz feels that defaults will remain low for an extended period, with upgrades exceeding downgrades. The firm feels that the high yield market has priced in a prolonged recession, but that fundamentals for the high yield issuers are much stronger than they have been during prior recessions.

**MANAGER COMMENTS – FIXED INCOME**

**Goldman Sachs – Core Plus**

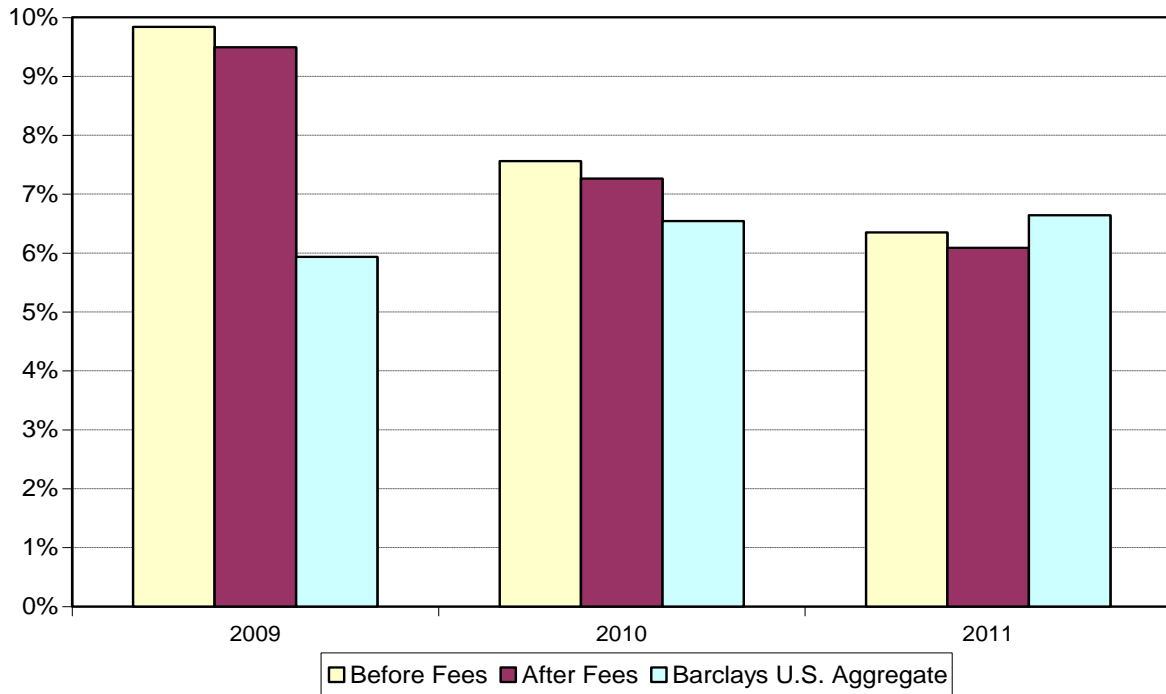
**GSAM vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

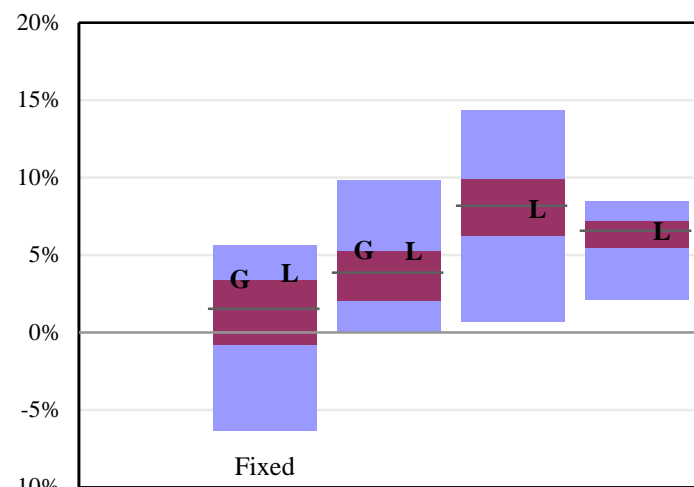


**GSAM vs. Barclays U.S. Aggregate**

Year by Year Performance



## Goldman Sachs – Core Plus



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
GSAM (G)	3.4	5.3	-	-
Rank v. Fixed	23	24	-	-
BC Agg (L)	3.8	5.3	8.0	6.5
BC Uni (U)	2.9	4.8	8.2	6.4
Fixed Median	1.5	3.9	8.2	6.6

<b>Portfolio Characteristics</b>	<b>Goldman Sachs</b>	<b>Barclays Aggregate</b>
Mkt Value (\$Mil)	298.0	n/a
Yield to Maturity (%)	2.9 %	2.4 %
Duration (yrs)	4.7	5.0
Avg. Quality	AA+	AA1/AA2

<b>Sectors</b>	<b>Goldman Sachs</b>	<b>Barclays Aggregate</b>
Treasury/Agency	22 %	42 %
Mortgages	38	35
Corporates	15	20
High Yield	3	0
Asset-Backed	7	3
CMBS	4	0
International	0	0
Emerging Markets	5	0
Other	4	0
Cash	3	0

The Goldman Sachs core plus portfolio returned 3.4% in the third quarter, trailing the 3.8% return of the Barclays U.S. Aggregate Index, but ranked in the 23<sup>rd</sup> percentile of fixed income managers. Over the past year, GSAM returned 5.3%, matching the 5.3% return of the Barclays U.S. Aggregate Index, and ranked in the 24<sup>th</sup> percentile.

At the end of the third quarter, Goldman Sachs was overweight relative to the Barclays U.S. Aggregate in MBS and the non-index sectors, including high yield and emerging market debt. Goldman Sachs was underweight in the government and investment-grade corporate debt sectors. The duration of the Goldman fixed income portfolio at the end of the third quarter was 4.7 years, which was shorter than the benchmark and somewhat shorter than the prior quarter. The portfolio continues to have a yield advantage over the index.

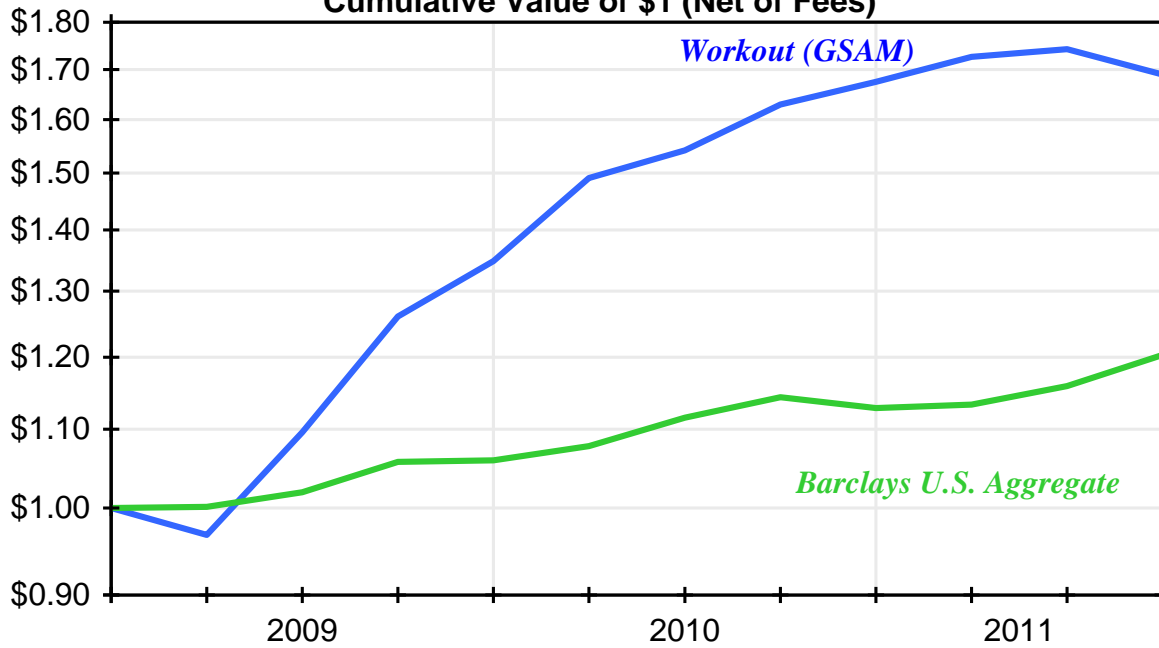
The portfolio's cross-sector and shorter duration positioning detracted from excess returns over the quarter. The corporate debt markets were under pressure during most of the third quarter. Prices were down due to risk aversion, particularly in Europe, though trading was light.

**MANAGER COMMENTS – FIXED INCOME**

**Workout Portfolio - Managed by Goldman Sachs**

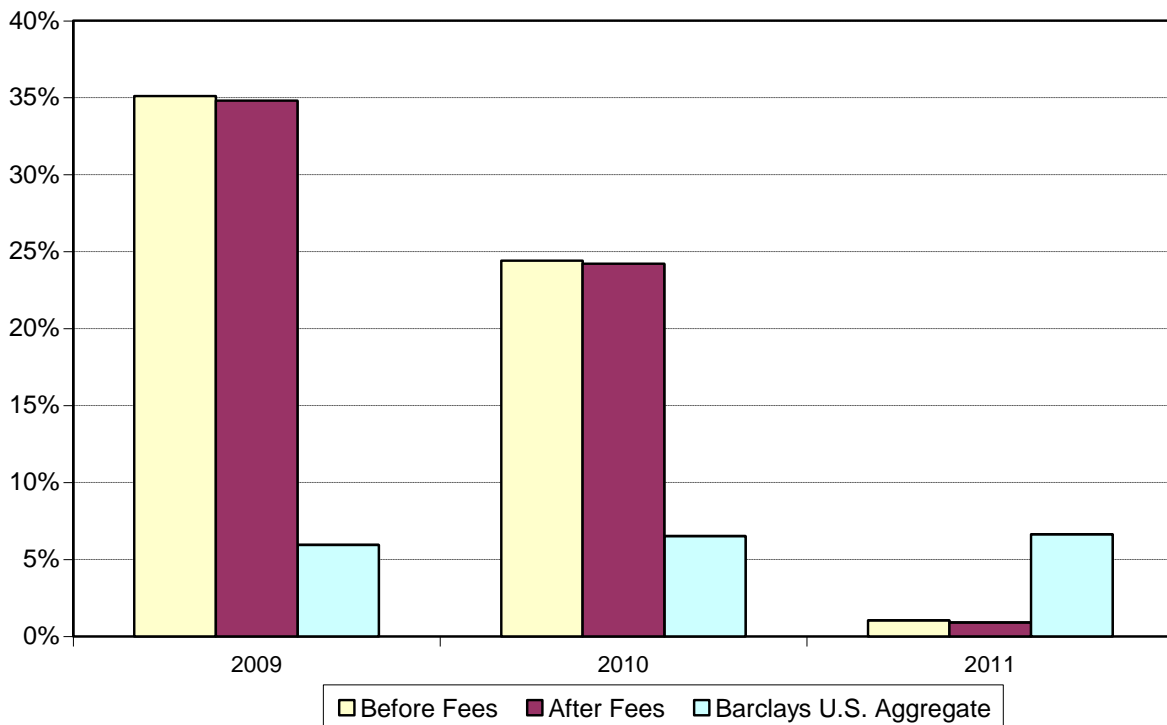
**Workout vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

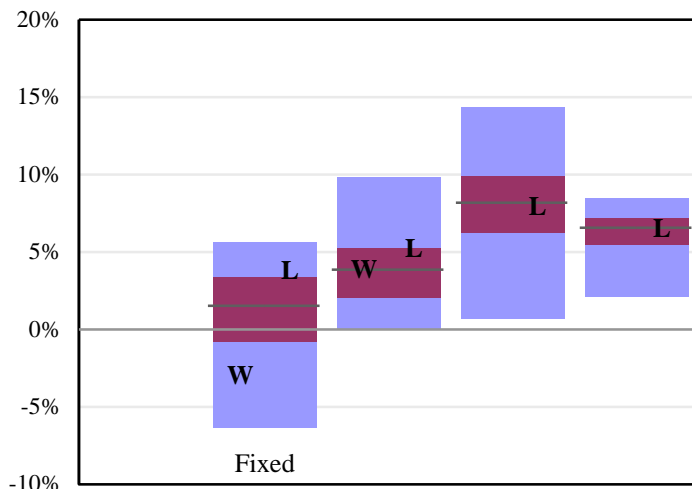


**Workout vs. Barclays U.S. Aggregate**

Year by Year Performance



## Workout Portfolio – Managed by Goldman Sachs



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Workout (W)	-3.0	3.9	-	-
Rank v. Fixed	85	50	-	-
BC Agg (L)	3.8	5.3	8.0	6.5
BC Uni (U)	2.2	4.8	6.7	6.6
Fixed Median	1.5	3.9	8.2	6.6

Portfolio Characteristics	Workout (GSAM)	Barclays Aggregate
Mkt Value (\$Mil)	16.6	n/a
Yield to Maturity (%)	3.7 %	2.4 %
Duration (yrs)	1.2	5.0
Avg. Quality	AA-	AA1/AA2

Sectors	Workout (GSAM)	Barclays Aggregate
Treasury/Agency	0 %	42 %
Mortgages	46	35
Corporates	15	20
High Yield	0	0
Asset-Backed	0	3
CMBS	0	0
International	0	0
Emerging Markets	0	0
Other	22	0
Cash	17	0

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

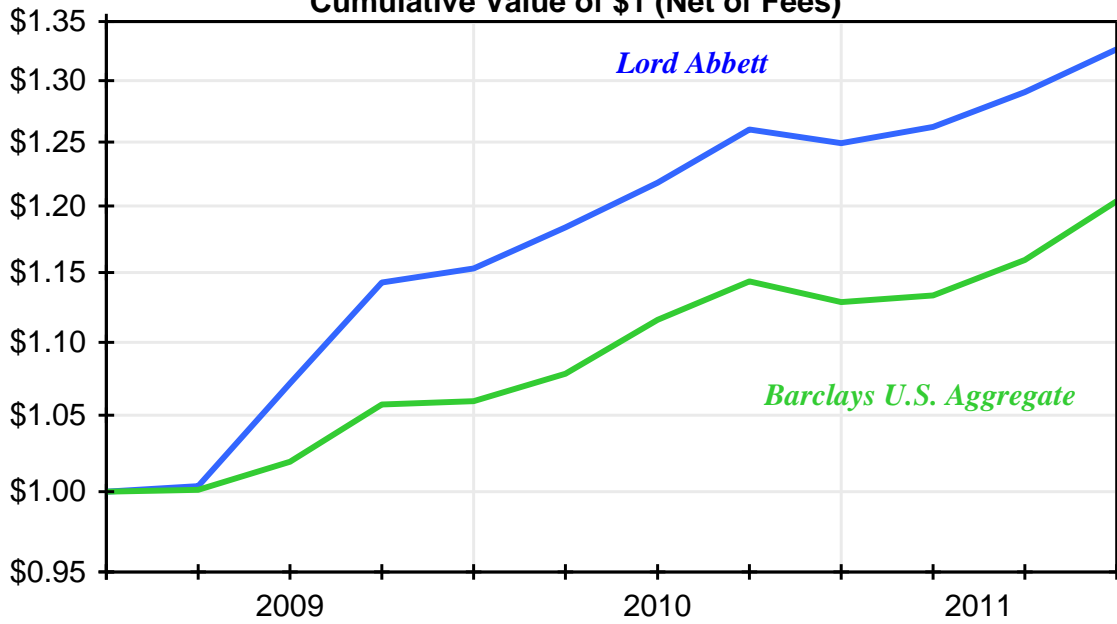
During the third quarter, this legacy portfolio returned -3.0%, trailing the Barclays U.S. Aggregate return of 3.8%, and ranked in the 85<sup>th</sup> percentile of fixed income managers. Over the past year, the portfolio has returned 3.9%, lagging the 5.3% return of the index, and ranked in the 50<sup>th</sup> percentile.

**MANAGER COMMENTS – FIXED INCOME**

**Lord Abbett**

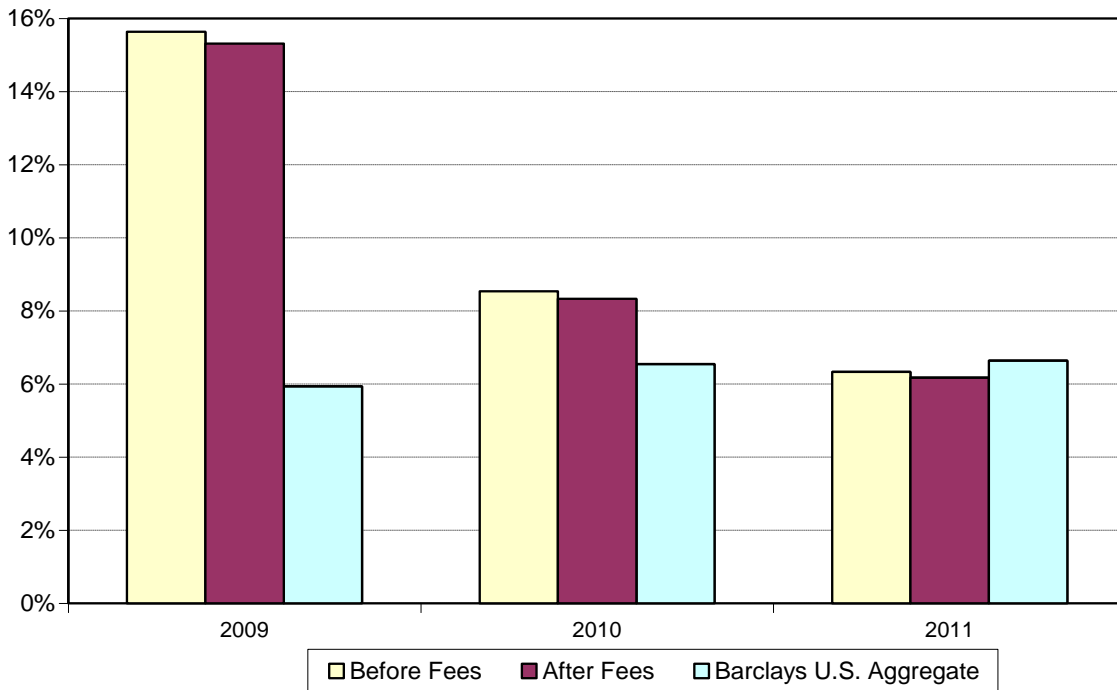
**Lord Abbett vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)



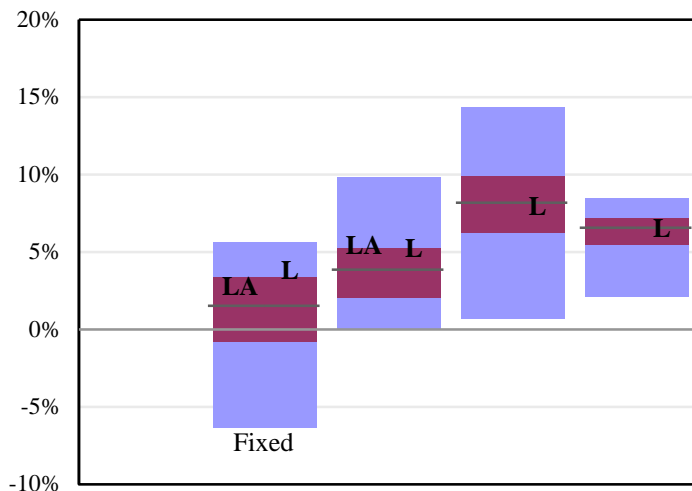
**Lord Abbett vs. Barclays U.S. Aggregate**

Year by Year Performance





## Lord Abbett



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Lord Abbett (LA)	2.8	5.5	-	-
Rank v. Fixed	32	20	-	-
BC Agg (L)	3.8	5.3	8.0	6.5
BC Uni (U)	2.9	4.8	8.2	6.4
Fixed Median	1.5	3.9	8.2	6.6

<b>Portfolio Characteristics</b>	<b>Lord Abbett</b>	<b>Barclays Aggregate</b>
Mkt Value (\$Mil)	295.4	n/a
Yield to Maturity (%)	3.6 %	2.4 %
Duration (yrs)	4.8	5.0
Avg. Quality	AA	AA1/AA2

<b>Sectors</b>	<b>Lord Abbett</b>	<b>Barclays Aggregate</b>
Treasury/Agency	24 %	42 %
Mortgages	27	35
Corporates	20	20
High Yield	10	0
Asset-Backed	11	3
CMBS	12	0
International	4	0
Emerging Markets	0	0
Other	3	0
Cash	-6	0

During the third quarter, Lord Abbett returned 2.8%, trailing the 3.8% return of the Barclays U.S. Aggregate, but ranked in the 32<sup>nd</sup> percentile of fixed income managers. Over the past year, the portfolio has returned 5.5%, above the Barclays U.S. Aggregate return of 5.3%, and ranked in the 20<sup>th</sup> percentile.

At the end of the third quarter, Lord Abbett was overweight relative to the Barclays U.S. Aggregate in the high yield, ABS and CMBS sectors. Lord Abbett was underweight in the US government and mortgage sectors. The duration of the fixed income portfolio at the end of the third quarter was 4.8 years, slightly shorter than the benchmark. The portfolio has a significant yield advantage over the index, due primarily to the CMBS overweight in the portfolio.

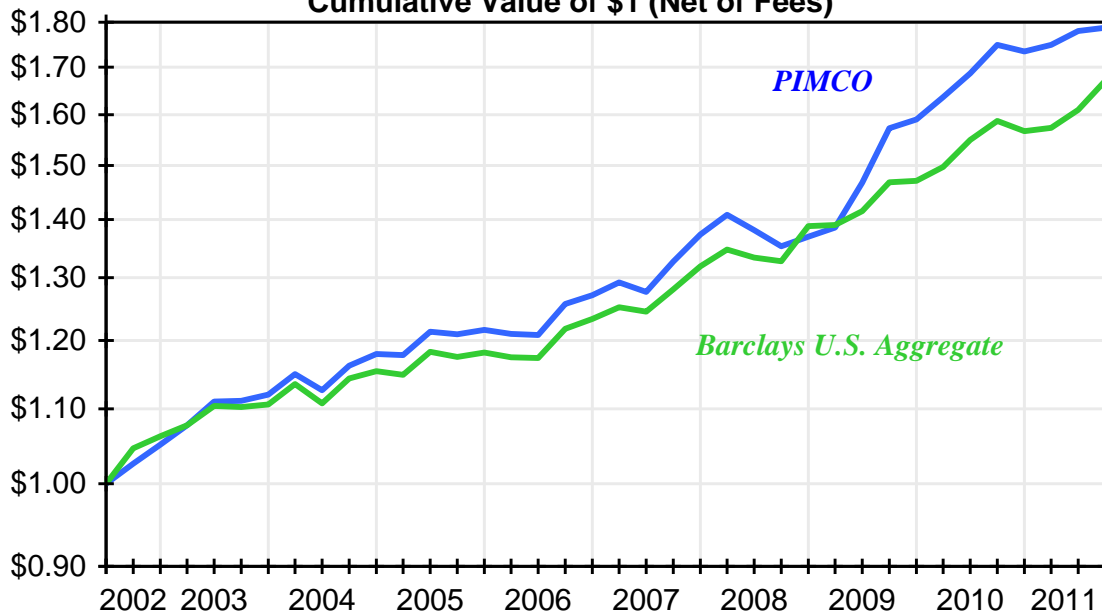
The portfolio's overweight to spread sectors proved to be a headwind yet again this quarter. However, the portfolio benefited from exposure to Agency MBS, a position that the firm has been increasing based upon attractive valuations during the quarter.

**MANAGER COMMENTS – FIXED INCOME**

**PIMCO Core Plus**

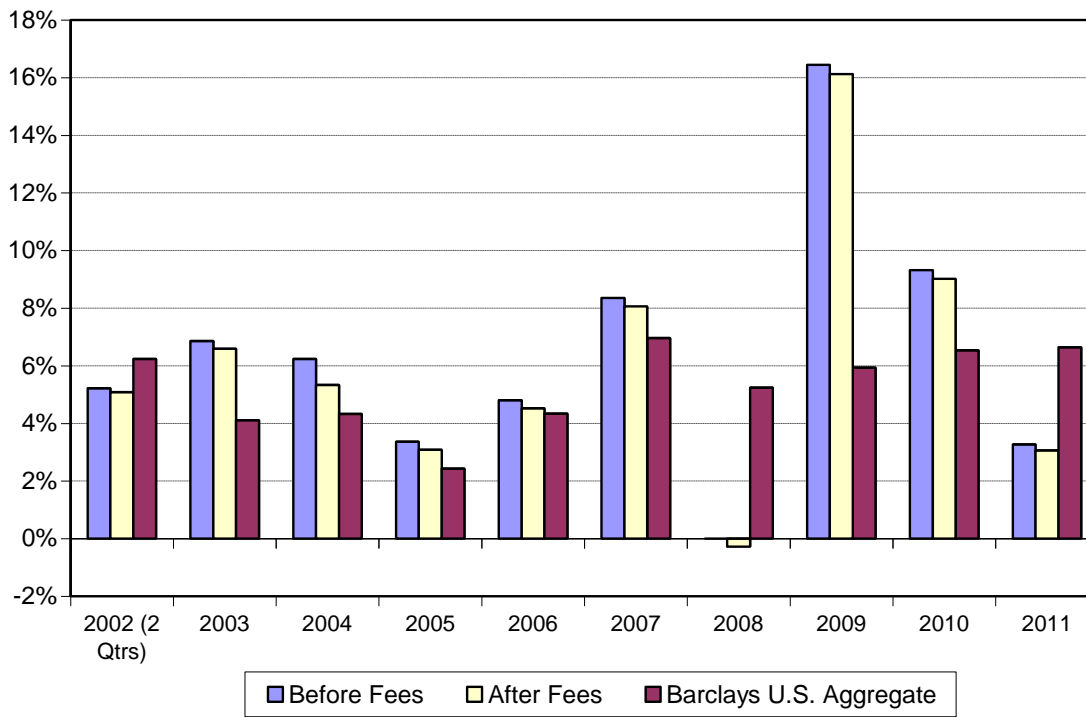
**PIMCO vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

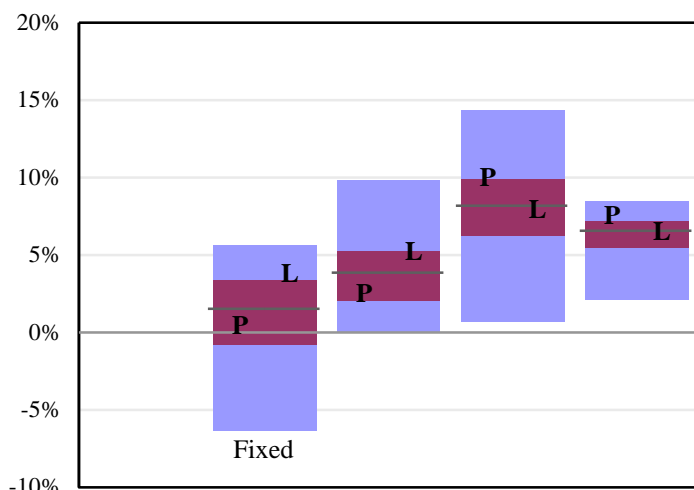


**PIMCO vs. Barclays U.S. Aggregate**

Year by Year Performance



## PIMCO Core Plus



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
PIMCO (P)	0.5	2.5	10.0	7.6
Rank v. Fixed	63	69	24	17
BC Agg (L)	3.8	5.3	8.0	6.5
BC Uni (U)	2.9	4.8	8.2	6.4
Fixed Median	1.5	3.9	8.2	6.6

Portfolio Characteristics	PIMCO	Barclays Aggregate
Mkt Value (\$Mil)	352.8	n/a
Yield to Maturity (%)	3.5 %	2.4 %
Duration (yrs)	6.2	5.0
Avg. Quality	AA	AA1/AA2

Sectors	PIMCO	Barclays Aggregate
Treasury/Agency	29 %	42 %
Mortgages	35	35
Corporates	16	20
High Yield	2	0
Asset-Backed	0	3
CMBS	0	0
International	8	0
Emerging Markets	3	0
Other	1	0
Cash	6	0

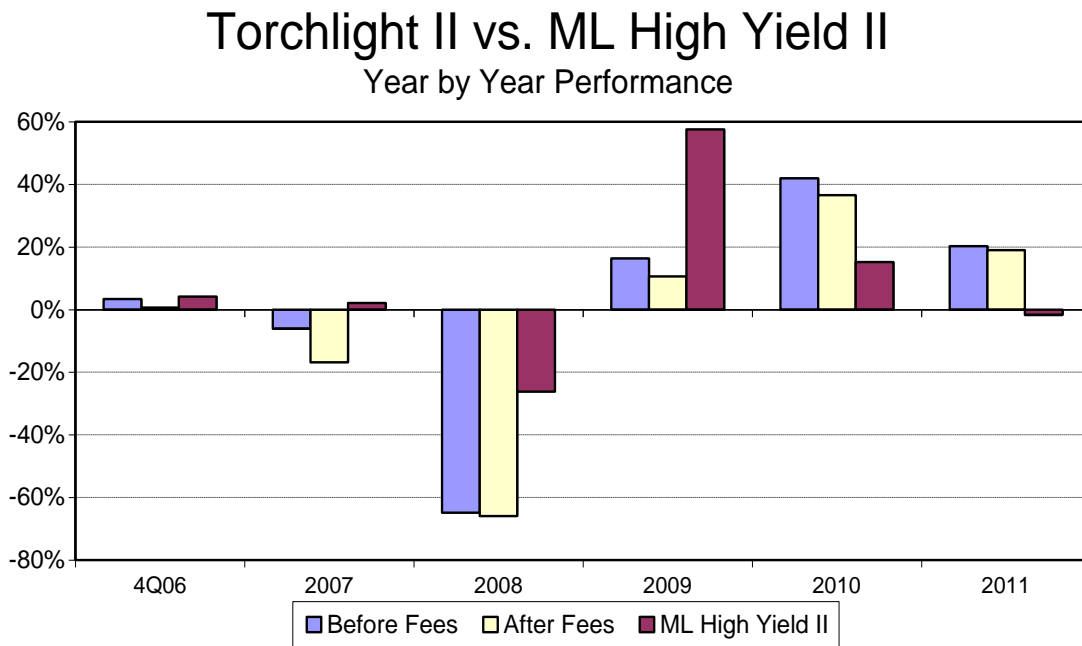
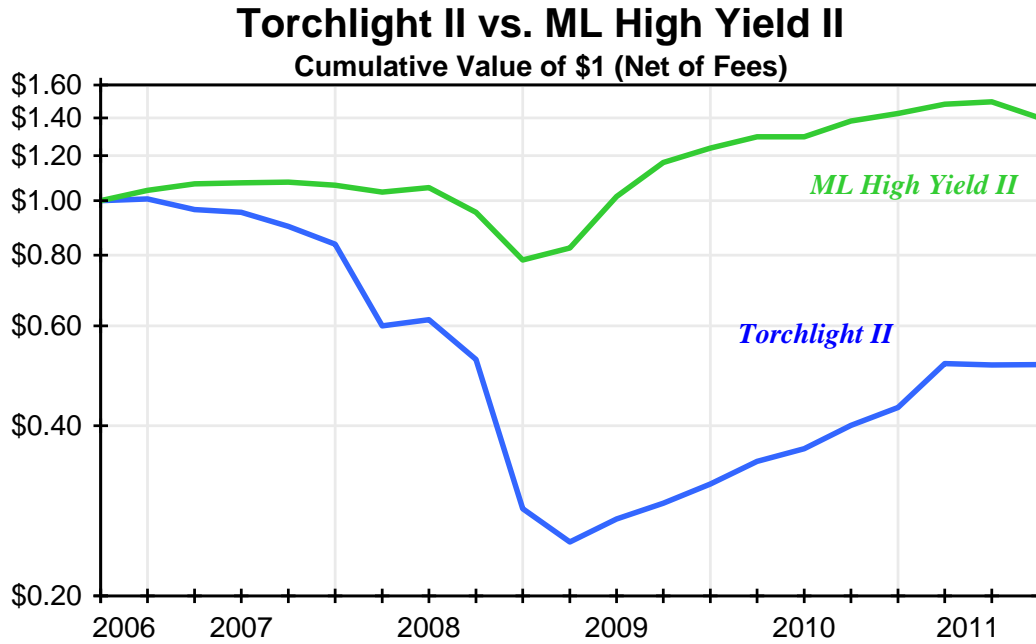
PIMCO's return of 0.5% for the third quarter lagged the 3.8% return of the Barclays U.S. Aggregate and ranked in the 63<sup>rd</sup> percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of 2.5% trailed the 5.3% return of the Barclays U.S. Aggregate and ranked in the 69<sup>th</sup> percentile. Over the past five years, the portfolio has returned 7.6%, better than the Barclays U.S. Aggregate return of 6.5%, and ranked in the 17<sup>th</sup> percentile.

At the end of the third quarter, PIMCO continues to hold underweight positions in government and investment-grade corporate issues. The mortgage allocation now matches that of the index. PIMCO holds overweight positions in non-index sectors, including non-US sovereign debt, emerging markets and high yield. The duration of the PIMCO fixed income portfolio at the end of the third quarter was 6.2 years, significantly longer than the benchmark and an increase of two years during the quarter. The portfolio continues to have a yield advantage over the index.

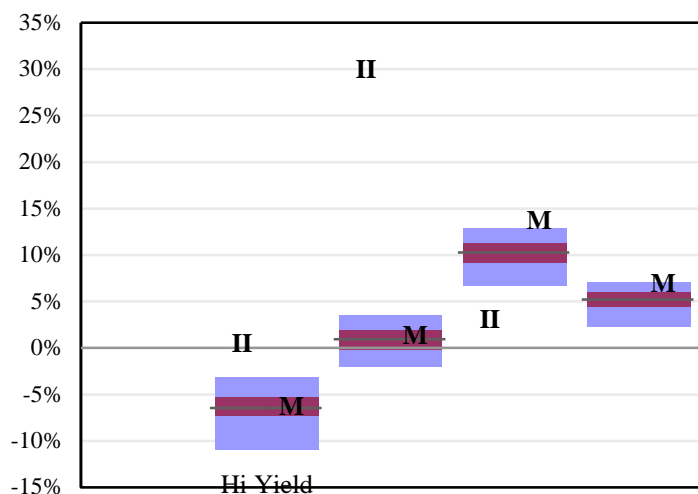
PIMCO's performance was helped by several strategies: exposure to non-U.S. developed interest rates and security selection within Agency MBS. Strategies that negatively impacted third quarter performance included an overweight to financial bonds, an underweight to longer maturities, an overweight to emerging markets and exposure to high-yielding Build America Bonds (BABs).

**MANAGER COMMENTS – FIXED INCOME**

**Torchlight II**



## Torchlight II



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Torchlight II (II)	0.5	30.0	3.1	-7.6
Rank v. Hi Yield	1	1	98	98
ML HY II (M)	-6.3	1.3	13.7	7.0
Hi Yield Median	-6.5	1.0	10.3	5.2

Portfolio Characteristics	Torchlight II	ML High Yield II
Mkt Value (\$Mil)	51.3	n/a
Yield to Maturity (%)	25.4 %	9.5 %
Duration (yrs)	6.3	4.5
Avg. Quality	A-	B1

Quality Distribution	Torchlight II	ML High Yield II
AAA	45 %	0 %
AA	8	0
A	13	0
BBB	19	0
BB	0	47
B	7	39
CCC	0	14
Not Rated	0	0
Other	9	0

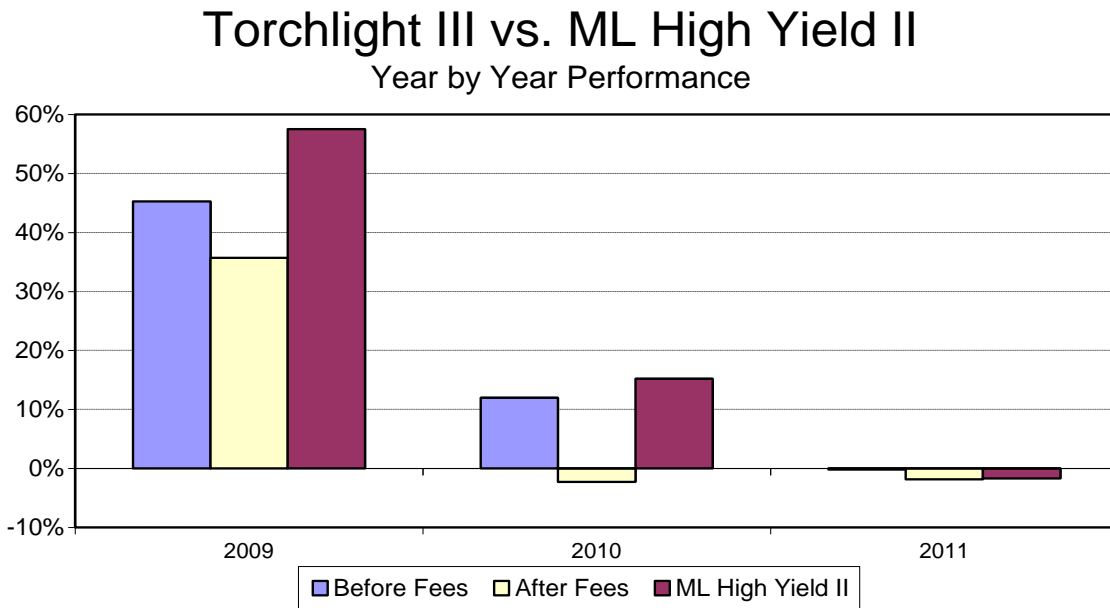
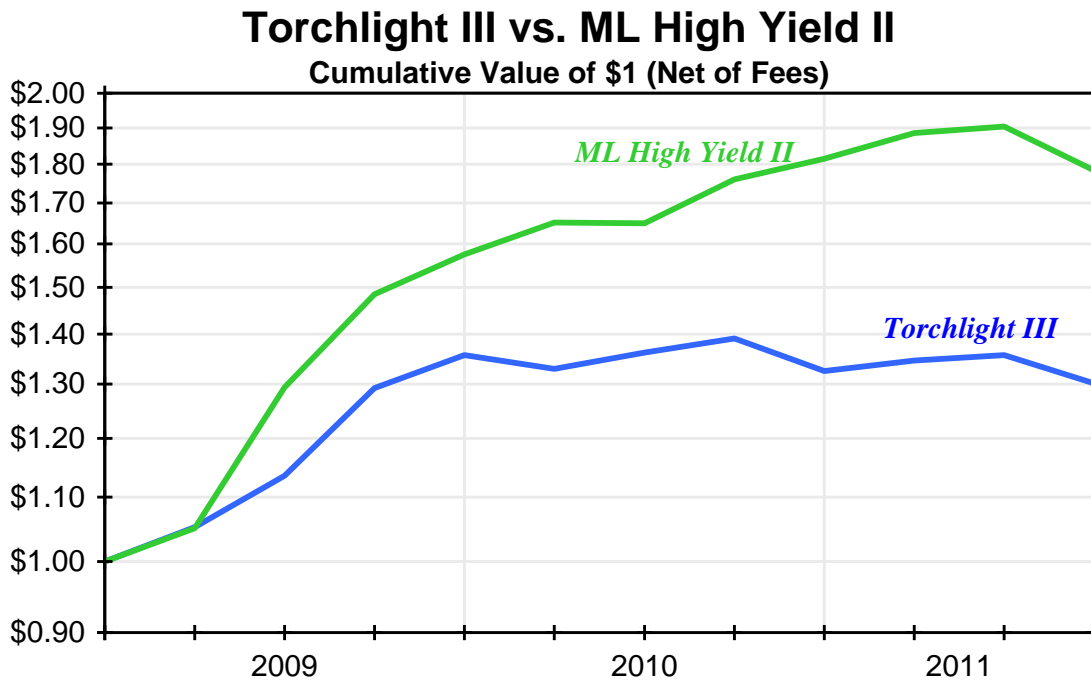
Torchlight II returned 0.5% for the third quarter. This return was much better than the Merrill Lynch High Yield Master II return of -6.3% and ranked in the 1<sup>st</sup> percentile in the universe of high yield portfolios. Over the past three years, the fund has returned 3.1%, well below the index return of 13.7%, and ranked in the 98<sup>th</sup> percentile. Over the past five years, the portfolio has returned -7.6%, well below the index return of 7.0%, and ranked in the 98<sup>th</sup> percentile again. The time-weighted results thus far look poor.

Fund II has called all capital commitments and made investments in 39 deals with an amortized cost of \$560.3 million. Fund II has a current NAV of \$293.7 mm and has made \$131.2 mm in distributions since inception. Some of the lower-rated positions in the portfolio have experienced further credit deterioration. Bonds in 16 deals (accounting for 29.4% of committed capital) have ceased to cashflow. In addition, one deal is experiencing partial interest shortfalls.

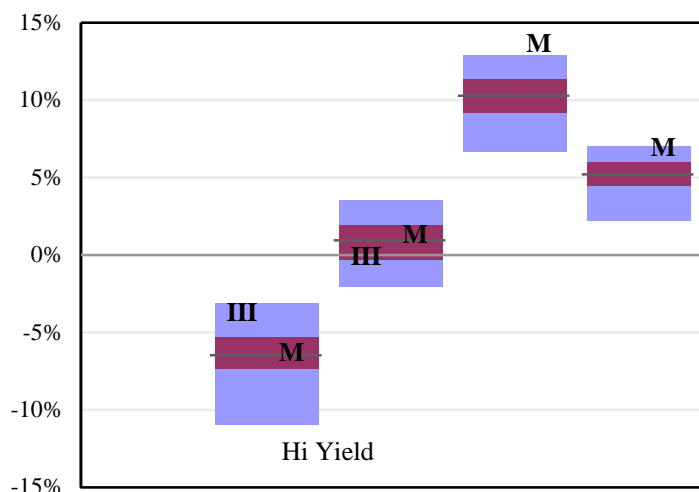
The portfolio consists of 67.1% investment grade CMBS, 16.7% non-investment grade CMBS, 13.7% mezzanine loans and B-notes and 2.5% CRE CDO bonds (based on acquisition value).

**MANAGER COMMENTS – FIXED INCOME**

**Torchlight III**



## Torchlight III



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Torchlight III (III)	-3.7	-0.1	-	-
Rank v. Hi Yield	6	70	-	-
ML HY II (M)	-6.3	1.3	13.7	7.0
Hi Yield Median	-6.5	1.0	10.3	5.2

Portfolio Characteristics	Torchlight III	ML High Yield II
Mkt Value (\$Mil)	63.9	n/a
Yield to Maturity (%)	45.6 %	9.5 %
Duration (yrs)	2.7	4.5
Avg. Quality	BB+	B1

Quality Distribution	Torchlight III	ML High Yield II
AAA	25 %	0 %
AA	0	0
A	8	0
BBB	21	0
BB	9	47
B	31	39
CCC	0	14
Not Rated	5	0
Cash	0	0

In the third quarter, Fund III returned -3.7%, better than the -6.3% return of the Merrill Lynch High Yield II Index. This return ranked in the 6<sup>th</sup> percentile of high yield managers. Over the past year, the fund has returned -0.1%, trailing the index return of 1.3% and ranked in the 70<sup>th</sup> percentile.

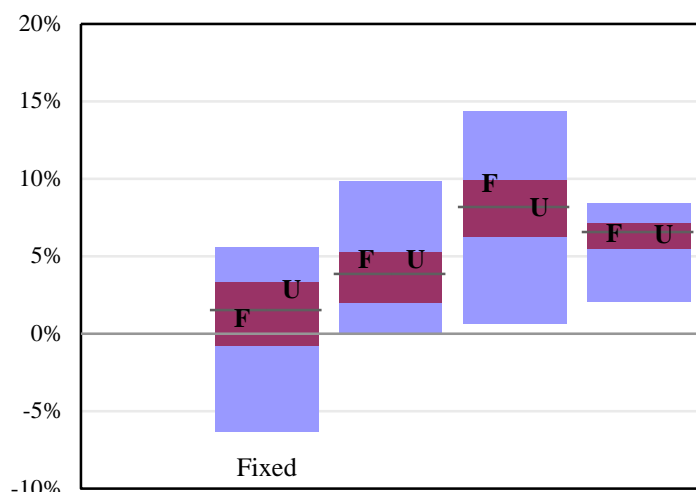
As of September 30, 2011, Fund III has called down 88.4% of committed capital and acquired a portfolio of 92 investments with an amortized cost of \$817.8 million. The breakdown of the current investments is 36.1% credit CMBS, 24.8% interest-only CMBS, 6.4% mezzanine CMBS, 3.9% CRE loans, 15.8% CRE Re-remics, 2.2% Super Senior CMBS, 0.7% in commercial real estate municipal bonds (based on acquisition values). Since inception, the fund has generated \$55 million in investment gains through September 30, 2011.

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## MANAGER COMMENTS – FIXED INCOME

### Total Domestic Fixed Income



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Fixed (F)	1.0	4.8	9.7	6.5
Rank v. Fixed	55	33	30	54
BC Uni (U)	2.9	4.8	8.2	6.4
BC Agg (L)	3.8	5.3	8.0	6.5
Fixed Median	1.5	3.9	8.2	6.6

Portfolio Characteristics	Total Fixed	Barclays Universal
Mkt Value (\$Mil)	1,440.5	n/a
Yield to Maturity (%)	6.9 %	2.9 %
Duration (yrs)	4.9	4.9
Avg. Quality	AA	0

Sectors	Total Fixed	Barclays Universal
Treasury/Agency	17 %	44 %
Mortgages	34	29
Corporates	12	26
High Yield	17	2
Asset-Backed	4	0
CMBS	9	0
International	3	0
Emerging Markets	2	0
Other	2	0
Cash	1	0

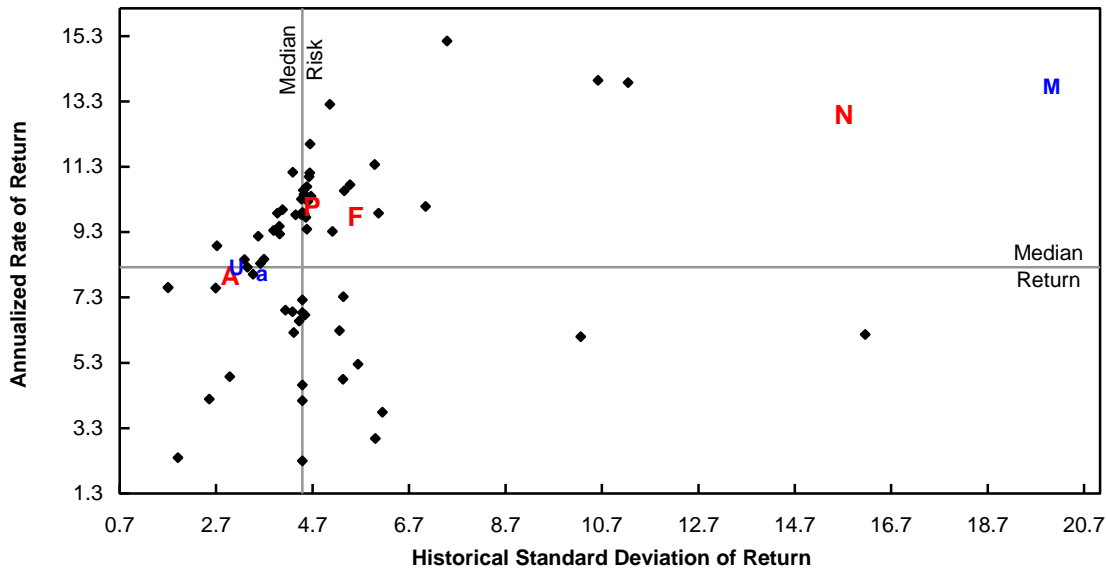
CCCERA total fixed income returned 1.0% in the third quarter, which lagged the 2.9% return of the Barclays Universal and the 3.8% return of the Barclays U.S. Aggregate, ranking in the 55<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, CCCERA's total fixed income returned 4.8%, matching the 4.8% return of the Barclays Universal but trailing the 5.8% return of the Barclays U.S. Aggregate. The CCCERA total fixed income returns exceeded the Barclays Universal Index over the past three and five-year periods.

At the end of the third quarter, the aggregate fixed income position was underweight relative to the Barclays Universal in the US government and investment grade corporate debt sectors. These underweight positions were primarily offset by larger positions in mortgages, high yield and CMBS debt. The duration of the total fixed income portfolio at the end of the third quarter was 4.9 years, matching the 4.9 year duration of the index.

# MANAGER COMMENTS – FIXED INCOME

## Domestic Fixed Income Performance and Variability

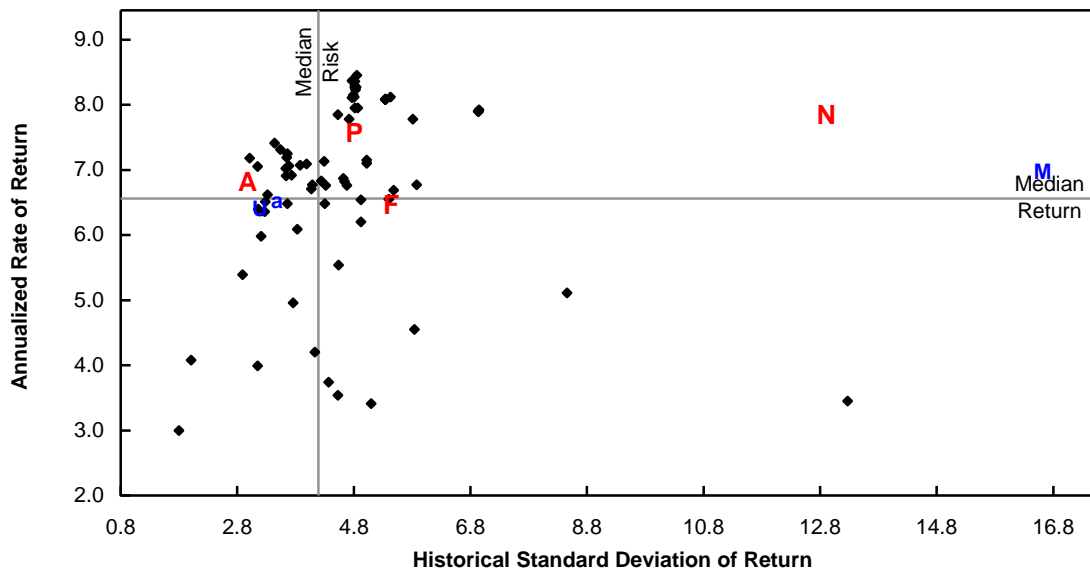
*Three Years Ending September 30, 2011*



Domestic Bond Managers	Annualized Return	Standard Deviation	Risk/Reward Ratio
AFL-CIO ( <b>A</b> )	7.9 %	2.9 %	2.63
Nicholas Applegate ( <b>N</b> )	12.8	15.7	0.80
PIMCO ( <b>P</b> )	10.0	4.6	2.12
Total Fixed ( <b>F</b> )	9.7	5.5	1.71
Barclays Aggregate ( <b>a</b> )	8.0	3.6	2.16
ML High Yield II ( <b>M</b> )	13.7	20.0	0.67
Barclays Universal ( <b>U</b> )	8.2	3.1	2.59
Median Bond Portfolio	8.2	4.4	1.80

## Domestic Fixed Income Performance and Variability

*Five Years Ending September 30, 2011*



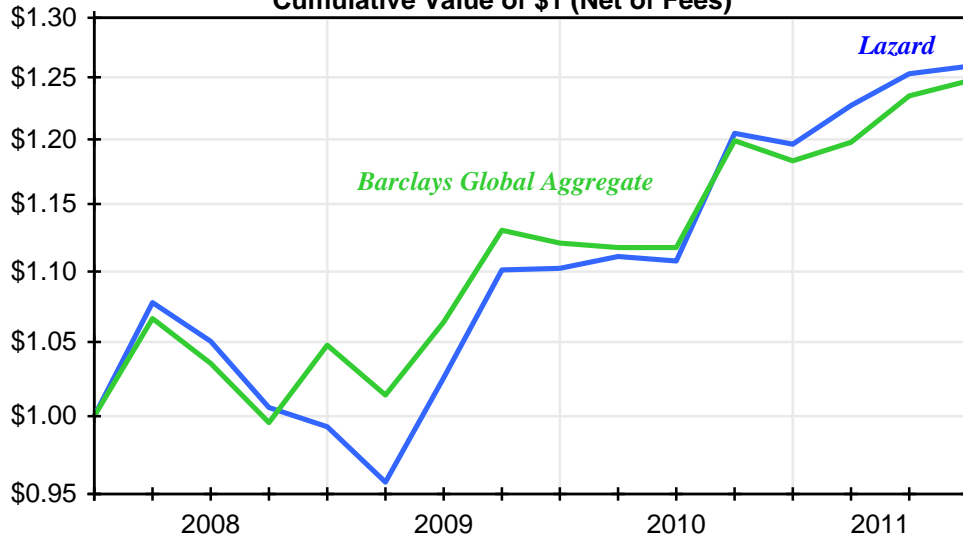
	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Domestic Bond Managers			
AFL-CIO ( <b>A</b> )	6.8 %	3.0 %	1.73
Nicholas Applegate ( <b>N</b> )	7.9	12.9	0.47
PIMCO ( <b>P</b> )	7.6	4.8	1.22
Total Fixed ( <b>F</b> )	6.5	5.4	0.87
Barclays Aggregate ( <b>a</b> )	6.5	3.5	1.39
ML High Yield II ( <b>M</b> )	7.0	16.6	0.32
Barclays Universal ( <b>U</b> )	6.4	3.2	1.47
Median Bond Portfolio	6.6	4.2	1.16

**MANAGER COMMENTS – GLOBAL FIXED INCOME**

**Lazard Asset Management**

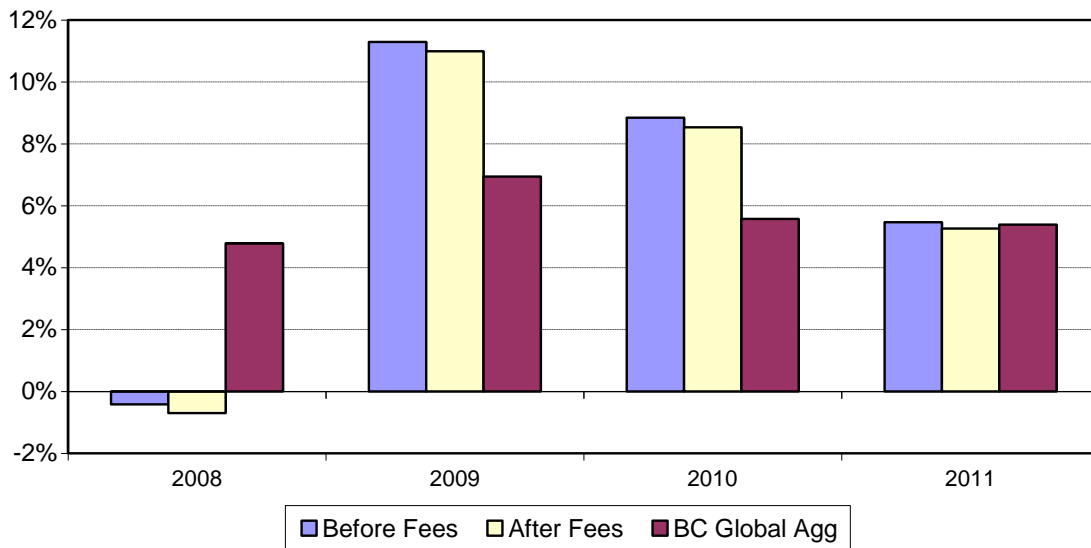
**Lazard vs. Barclays Global Aggregate**

Cumulative Value of \$1 (Net of Fees)

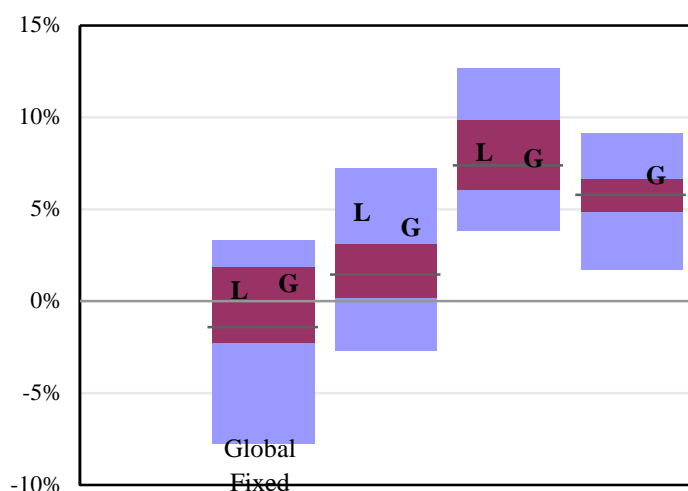


**Lazard vs. Barclays Global Aggregate**

Year by Year Performance



## Lazard Asset Management



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Lazard (L)	0.6	4.8	8.1	-
Rank v. Glob FI	35	10	38	-
BC Global (G)	1.0	4.0	7.8	6.9
GI Fixed Median	-1.4	1.5	7.4	5.8

<u>Portfolio Characteristics</u>	<u>Lazard Asset Mgmt</u>	<u>Barclays Global Aggregate</u>
Mkt Value (\$Mil)	215.6	n/a
Yield to Maturity (%)	3.7 %	2.4 %
Duration (yrs)	4.1	5.9
Avg. Quality	AA-	0.0

<u>Sectors</u>	<u>Lazard Asset Mgmt</u>	<u>Barclays Global Aggregate</u>
Treasury/Sovereign	34 %	53 %
Agency/Supranational	24	14
Sovereign External Debt	0	0
Corporate	16	16
High Yield	1	0
Emerging Markets	20	0
Mortgage	0	17
Other	4	0

Lazard Asset Management returned 0.6% in the third quarter. This return lagged the 1.0% return of the Barclays Global Aggregate Index but ranked in the 35<sup>th</sup> percentile in the universe of global fixed income managers. Over the past year, Lazard has returned 4.8%, better than the Barclays Global Aggregate return of 4.0% and ranking in the 10<sup>th</sup> percentile. Over the past three years, the portfolio has returned 8.1%, above the 7.8% return of the Barclays Global Aggregate index and ranking in the 38<sup>th</sup> percentile. Lazard is in compliance with CCCERA performance guidelines.

Lazard's portfolio was underweight to treasuries/sovereign and mortgage securities at the end of the quarter while remaining overweight to agency/supranational, emerging markets and other securities. The duration of the Lazard Asset Management portfolio at the end of the third quarter was 4.1 years, significantly shorter than the index. The portfolio has a moderately higher yield than the index.

Strategies that helped relative results included country allocation decisions (overweight to Australia, Norway and Sweden and underweight to peripheral Europe), yield curve positioning including a defensive duration stance in spread products and tactical currency exposure. Strategies that hurt relative performance included an underweight exposure to government bonds and duration couple with an underweight to the Japanese yen.

## **MANAGER COMMENTS – REAL ESTATE**

### **Adelante Capital Management \$286,984,709**

Adelante Capital Management returned -14.06% for the third quarter, slightly above the -14.64% return of the Dow Jones Wilshire REIT Index, and ranked in the 21<sup>st</sup> percentile of the REIT mutual fund universe. For the past year, Adelante returned 1.66%, below the REIT index return of 2.10% but ranked in the 21<sup>st</sup> percentile.

As of June 30, 2011, the portfolio consisted of 35 public REITs. Office properties comprised 13.7% of the underlying portfolio, apartments made up 20.4%, retail represented 22.6%, industrial was 4.7%, 6.4% was diversified/specialty, storage represented 7.4%, healthcare accounted for 10.4%, hotels accounted for 7.4%, manufactured homes made up 3.2% and 3.7% was cash.

### **BlackRock Realty \$210,473**

BlackRock Realty Apartment Value Fund III (AVF III) returned -28.6% in the third quarter. Over the one-year period, BlackRock has returned -28.53%. CCCERA has an 18.1% interest in the AVF III, which is nearing completion.

### **DLJ Real Estate Capital Partners II \$4,046,007**

DLJ Real Estate Capital Partners II (RECP II) reported a return of -8.8% in the quarter ending June 30, 2011. Over the one-year period, RECP II has returned 28.8%. CCCERA has a 3.3% ownership interest in RECP II.

As of June 30, 2011, the portfolio consisted of 11.9% retail, hotels accounted for 44.2%, land development made up 23.2%, residential accounted for 12.2%, 1% made up office properties and 7.5% in “other”. The properties were diversified geographically with 79.9% domestic and 20.1% international.

The RECP II Fund is fully invested with 51 transactions. To date, 47 transactions have been realized with a 33% gross IRR (2.2x multiple). The remaining investments represent approximately \$82 million in book value, and exit for these investments is expected to occur over the next 18 months. There have been a total of \$1.98 billion in gross distributions to date (197% of capital invested).

### **DLJ Real Estate Capital Partners III \$39,764,901**

DLJ Real Estate Capital Partners III (RECP III) reported a return of -2.0% in the second quarter. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, RECP III returned -3.5%. CCCERA has a 7.0% ownership interest in RECP III.

As of June 30, 2011 the portfolio consisted of 44.3% hotel properties, 28.4% industrial, 17.7% mixed-use development, 4.9% apartments, 2.0% retail, 2.7% vacation home development, and other. The properties were diversified globally with 70.3% non-US and 29.7% US.

The Fund is fully invested in 49 investments, and performance has benefitted from strong early realizations, with aggregate proceeds totaling \$612 million. The book value of the remaining portfolio is \$593 million. The Fund has recently entered into a contract to sell its interest in the Ascendas Joint Venture, a portfolio of industrial office projects in China. The transaction is expected to be complete in the fourth quarter of 2011, generating an approximate 2.0x gross proceeds multiple on an investment of \$26 million.

**DLJ Real Estate Capital Partners IV**  
**\$45,644,968**

DLJ Real Estate Capital Partners IV (RECP IV) returned 2.1% in the quarter ending June 30, 2011. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund has returned 25.1%.

As of June 30, 2011 the portfolio consisted of 13.4% office properties, 9.3% senior and mezzanine loans, 33.6% mixed use development, 16.8% land, 9.9% private securities, 2.9% hotel properties, 2.6% industrial, 6.8% apartments and 4.7% other. The properties were diversified globally with 36.3% non-US and 63.7% US.

To date, the Fund has completed 28 investments, investing approximately \$920 million of equity. Proceeds to date are \$234 million. Several of the 2007/2008 acquisitions were adversely affected by the market downturn. Acquisitions in 2009 and 2010 were favorably priced given the lack of capital available in the market. Approximately \$484 million of RECP IV's capital was committed after the market downturn and the fund has approximately \$200 million of capital remaining to be invested. The Fund is well positioned to capture upside from an economic recovery over time given its concentration in primary markets such as New York City, Washington DC, Los Angeles, and Tokyo, as well as its focus on multifamily and other income producing properties. The prudent use of debt in the portfolio is also a positive factor of the fund that will help upside capture.

**Long Wharf US Growth Fund II**  
**\$13,950,750**

Long Wharf (formerly Fidelity) returned 2.8% for the third quarter of 2011. For the one-year period, the fund had a total return of 11.3%.

Three of the fund's investments were drivers of the third quarter return. The largest holding remaining in the fund, the Michigan Student Housing portfolio, distributed \$1.1 million of income to the fund in the quarter. The Michigan portfolio is 96% leased going into the 2011-2012 school year and is generating over \$5 million of annualized current income to the fund. The fund's position in Mirabella Apartments was marked up by \$2 million as strong leasing velocity at the multifamily project draws it closer to stabilization, which is expected by early 2012. Finally, the fund sold its Midtown 24 apartment project in Plantation, Florida in the third quarter, which generated total proceeds of roughly \$2 million higher than the fund's most recent carrying value.

The portfolio consists of 12% apartment properties, 13% for sale housing, 13% senior housing, 9% retail, 10% office, 34% student housing and 9% other. The properties were diversified regionally with 28% in the Pacific, 14% in the Southeast, 7% in the Mountain region, 7% in the Southwest, 44% in the East North Central.

**Long Wharf US Growth Fund III**  
**\$39,274,875**

Long Wharf (formerly Fidelity) US Growth Fund III reported a return of 5.6% for the third quarter of 2011. Over the past year, the Fund has returned 13.8%.

The two largest write ups in the quarter occurred at Cupertino Crossing and the Atlanta Airport Gateway Center. At the time of the fund's acquisition of Cupertino Crossing in July 2010, the 100,000 square foot office property was 50% leased to Panasonic. They believed their highly discounted cost basis would allow them to aggressively pursue tenants in the Silicon Valley submarket, and in July of 2010, they signed a 10-year lease with Apple for the remaining 50,000 square feet of available space. Now that the property is 100% leased to two credit tenants, the value of the property has increased substantially and they will market the building for sale. The fund's equity investment was marked up by \$8.1 million in the third quarter.

The two hotels at the Atlanta Gateway Center continue to perform very well, with the Marriott and the Springhill Suites each substantially outperforming their peer group in the Hartford submarket. Now that the hotels have been operating for at least a full year, they have adjusted their operating expectations and their forecasted exit pricing, which resulted in an \$8.2 million write-up in the third quarter.

The fund made a \$30 million distribution in the quarter, with nearly two-thirds of the proceeds generated from the sale of the retail portion of the Pacific Station project, and roughly one-third from a partial refinancing of the Champion Office Portfolio. They currently expect to distribute at least \$30 million during the fourth quarter, with distributions projected to steadily increase in 2012 as they realize an increasing number of investments.

The fund called down \$80 million of capital in the third quarter and closed three new investments. In August, the fund acquired a 195,000 square foot office building in Riverside, California. In September, the fund acquired a 210,000 square foot industrial property west of New York in Teterboro, New Jersey, and a 510,000 square foot office building east of New York City in Garden City, New York. Their current investment pipeline is quite robust, with at least five additional investments expected to close before Thanksgiving in markets including Chicago, Dallas, Los Angeles, and San Francisco.

Committed capital consists of 19% retail, 26% office, 9% apartments, 11% industrial, 16% hotels, 7% senior housing and 11% entitled land.

**Hearthstone I**  
**\$66,313**

**Hearthstone II**  
**\$-6,596**

As of September 30, 2011, Contra Costa County Employee's Retirement Association's commitment to HMSHP and MSII were nearly liquidated. The remaining balances represent residual accrued income positions.



**Invesco Real Estate Fund I**  
**\$31,372,334**

Invesco Real Estate Fund I (“IREF”) reported a third quarter total return of 3.0%. Over the past year, Invesco Real Estate Fund I returned 26.5%. CCCERA has a 15.6% interest in the Real Estate Fund I.

Since the Fund’s GAV peak in 3Q 2008 and it’s trough in 4Q 2009, the Fund has recovered 91% of its peak GAV, outperforming the NCREIF Property Index (“NPI”), which as recovered just 79% of its peak value. Driving this has been the Fund’s strategic overweight to the multi-family sector, comprising 60% of the Fund’s GAV versus 26% of the NPI. Since the 4Q 2009 valuation trough, multi-family continues to be the strongest performing sector in the NPI.

The Fund remains the maximization of each asset’s value as expeditiously as possible, which is anticipated to result in a full return of all net invested capital by year-end 2013. During the current quarter, the Milestone Portfolio investment was the sole Fund asset valued, representing 57% of the Fund as measured by Gross Asset Value (“GAV”). The investment’s GAV increased by \$4.5 or 2%, driven by continued income growth within the Sunbelt multi-family portfolio. The GAV improvement in this investment helped increase the Fund’s NAV during the quarter by \$6.6 or 4%. Looking forward, all of the Fund’s assets will be valued in 4Q 2011, in compliance with the Fund’s valuation policy.

One Fund asset, Park Place Apartments, was sold during the quarter. The sale recovered all equity invested in the asset and yielded a modest profit - a material recovery for an investment that when marked-to-market at the 4Q 2009 valuation trough, showed an \$11 million loss or half of its invested capital. Additionally, the Fund sold another asset after quarter-end, the Las Cimas IV office building, yielding a preliminary return of a 13% IRR and a 1.4x equity multiple.

Property-level Loan-To-Value (“LTV”) remains at 67% however Fund-level LTV fell to 58%, due to the payoff of debt related to the Park Place asset sale. Overall, the Fund’s leverage remains accretive, stable and asset loan maturities are well-matched with the anticipated disposition timing.

As of the third quarter, the portfolio consisted of 7 investments. Property type distribution was 11% retail, 21% industrial properties, 8% office and 60% multi-family. The properties were diversified regionally with 28% in the West, 59% in the South, and 13% in the East.

**Invesco Real Estate Fund II**  
**\$61,143,358**

Invesco Real Estate Fund II returned 14.3% during the third quarter. Over the past year, the fund has returned 51.2%. CCCERA has an 18.7% ownership stake in the fund.

Of the eight investments made in the 2007/2008 vintage, four are being marketed for sale with closings to occur between 4Q2011 and 1Q2012. They include: The Shidler Portfolio, Shoppes at Southern Palms, Ellicott House and Garden Walk Land Parcel. It is important to note that the fund is selling two of its early investments for substantial losses, those properties are the Shidler Portfolio and the Shoppes at Southern Palms.

Invesco has committed 75% of investors’ equity. Of the remaining 25% uncommitted, 5% will remain uncalled for prudent balance sheet management and 20% will be used for new

acquisitions. While three new acquisitions have been identified and are being pursued, two of the three remain speculative and may not be acquired.

As of the third quarter, the portfolio consisted of 11 investments. The Fund's investments are distributed nationwide with 26% in the West and 48% in the East. The portfolio is weighted by gross asset value by property type with 14% industrial, 31% office, 52% multi-family, 2% retail and <1% CMBS/Land.

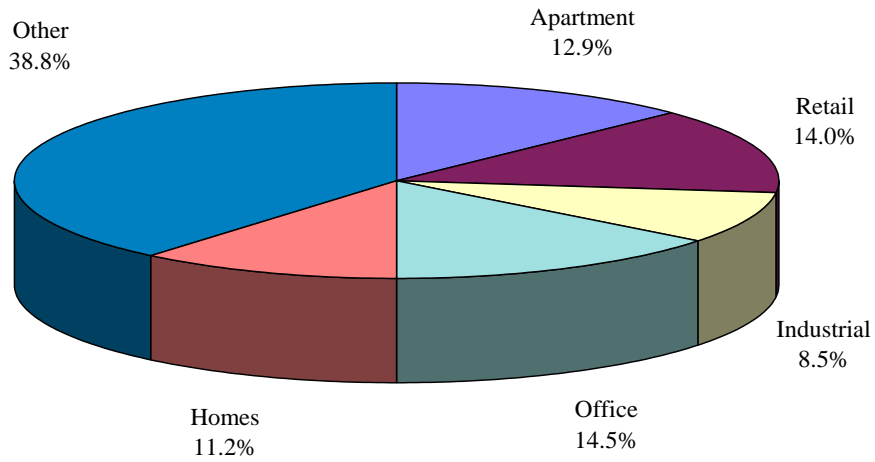
**Invesco International REIT**  
**\$44,762,943**

The Invesco International REIT portfolio returned -20.7% in the third quarter. This return was above the FTSE EPRA/NAREIT Global ex-US benchmark return of -17.7%. Over the past year, the portfolio returned -14.5%.

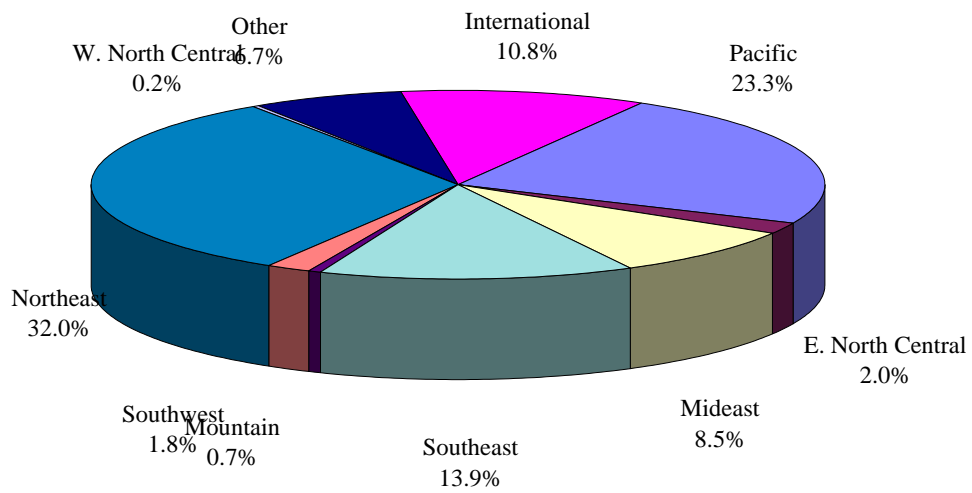
# MANAGER COMMENTS – REAL ESTATE

## Total Real Estate Diversification

### Diversification by Property Type



### Diversification by Geographic Region



## **MANAGER COMMENTS - ALTERNATIVE INVESTMENTS**

### **Adams Street Partners**

**\$99,714,406**

Adams Street had a third quarter gross return of 5.1% for the CCCERA's investments. (Performance lags by one quarter due to financial reporting constraints, which is typical for this type of investment vehicle.) For the one-year period, Adams Street returned 29.9%. The portfolio continues in acquisition mode.

The Brinson portfolio (\$23,330,616) is comprised of 36.4% venture capital funds, 9.1% special situations, 7.8% in mezzanine funds, 4.3% in restructuring/distressed debt and 42.4% in buyout funds. The Adams Street program (\$57,368,123) was allocated 21.6% to venture capital, 10.7% special situations, 1.4% mezzanine debt, 2.4% restructuring/distressed debt and 63.9% buyouts. The dedicated secondary allocation (\$19,015,667) was allocated 50.0% to venture capital and 50.0% to buyouts.

### **Bay Area Equity Fund**

**\$16,097,133**

Bay Area Equity Fund had a third quarter gross return of 53.8% on the strength of significant markups in the fund's holdings. (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned 89.4%. CCCERA has a 13.3% ownership interest in the Fund.

As of June 30, 2011, the Bay Area Equity Fund I had 18 investments in private companies in the 10 county Bay Area, all of which are located in or near low- to middle-income neighborhoods. Currently, the Fund has invested \$69.4 million, including \$5.6 million in recycled capital. Bay Area Equity Fund II had 9 investments in private companies. 8 investments are in the clean technology sector, and one is in information technology.

### **Carpenter Community BancFund**

**\$22,400,477**

Carpenter had a third quarter gross return of 1.5%. (Performance lags by one quarter due to financial reporting constraints). Over the past year, Carpenter has returned 7.2%.

The Fund holds control investments in five commercial banks and a smaller ownership share in another bank. The Fund has deployed \$238 million of its capital into the six financial institutions. Consolidated results of the Fund banks showed that total assets equaled nearly \$3.5 billion on a capital base of \$395 million. On a consolidated basis, the Fund is well positioned for future growth both organically and through opportunistic acquisitions.

**Energy Investors - US Power Fund I**  
**\$2,927,120**

The Energy Investors Fund Group (EIF) had a third quarter gross return for this fund, which is in liquidation mode, of -0.72%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF had a total return of -15.4%. CCCERA has a 9.6% ownership interest in Fund I.

Another purchase and sale agreement was executed in October for the sale of Black River Corporation. EIF is cautiously optimistic that all conditions precedent to closing will be satisfied to allow for a year-end transaction.

Two separate third parties have made offers to buy Loring. EIF is hoping to enter into definitive documentation with one of the bidders by the end of the year.

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

**Energy Investors - US Power Fund II**  
**\$43,582,801**

Energy Investors had a third quarter gross return of 4.8% for US Power Fund II. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund returned 6.9%. CCCERA has a 19.1% ownership interest in USPF-II.

The Fund distributed \$6.0 million to its Partners in the third quarter, bringing year-to-date distributions to \$16 million and inception to date distributions to \$145.4 million. The third quarter distribution included \$2.2 million in proceeds from the sale of Mojave and \$3.8 million in operating income from projects.

There were no material changes in the investment portfolio in the third quarter. The fair value of the portfolio decreased from \$236.2 million to \$233.4 million, primarily due to the sale of Mojave. As they reported last quarter, Kleen Energy achieved commercial operations early in the third quarter. The project operated well in its first few months of operations, notwithstanding the typical start-up issues.

**Energy Investors - US Power Fund III**  
**\$20,424,307**

During the third quarter, the fund had a gross return of -2.9%. Over the past year, the fund has returned -2.1%. CCCERA has a 6.9% ownership interest in USPF-III.

The Fund distributed \$14.5 million to its Partners in the third quarter, bringing inception to date distributions to \$176.8 million.

During the quarter, the Fund's investment portfolio increased by approximately \$8.7 million to \$1.07 billion. This net increase was primarily driven by an incremental \$18.5 million investment in Astoria II at the completion of construction, offset by a \$16 million reduction in fair value for Solar Power Partners. During the quarter the Fund also invested approximately \$6 million in eight existing investments.

Astoria II and Kleen Energy achieved commercial operations early in the third quarter and are operating well. The fair value of the Solar Power Partners investment, as of September 30<sup>th</sup>, is based on the sale of SPP to NRG Energy, which closed in early November. Importantly, the current fair value of PP does not include certain escrows and contingent payments, some of which could be received within the next six to twelve months.

**Nogales Investors Fund I**  
**\$2,802,052**

The Nogales Investors Fund I returned 4.5% in the quarter ended June 30, 2011. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Nogales has returned 22.20%. CCCERA makes up 15.2% of the Fund. As of June 30, 2011, the Fund had six investments with estimated total value of \$72.2 million.

**Oaktree Private Investment Fund 2009**  
**\$25,204,941**

The Oaktree PIF 2009 Fund was funded on February 18, 2010 with a commitment of \$40.0 million and an initial investment of \$7.0 million. The Oaktree PIF 2009 Fund returned -0.6% in the second quarter ended June 30, 2011. (Performance lags by one quarter due to financial reporting constraints.)

**Paladin Fund III**  
**\$13,078,329**

Paladin Fund III returned 9.4% for the quarter ended June 30, 2011. Over the past year, the fund has returned 17.7%. As of June 30, 2011, the Fund reported \$55.05 million of Partners' Capital, which consisted of \$55.12 million in assets less \$65,000 of liabilities. The \$55.12 million of assets consisted of the Fund's investments in Adapx, Unitrends, Quantalife, Luminus Devices, BA-Insight, Damballa, WiSpry, Modius, Digital Bridge Communications, Renewable Energy Products, Paladin Biodiesel I, Vital Renewable Energy Products (VREC), Paladin Ethanol Acquisition, and Royalty Pharma (\$52.60 million), cash (\$1.94 million), sales proceeds and interest and other receivables (\$538 thousand) and due from affiliates and parallel vehicles (\$24,000). The \$64,862 of liabilities represented amounts accrued for expenses (\$61,000) and investment and interest payable (\$2,000), due to affiliate (\$1,862).

**Pathway Private Equity Fund**  
**\$74,236,399**

The combined Pathway Private Equity Fund (PPEF) and Pathway Private Equity Fund 2008 (PPEF 2008) had a third quarter return of 3.0%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Pathway returned 26.9%.

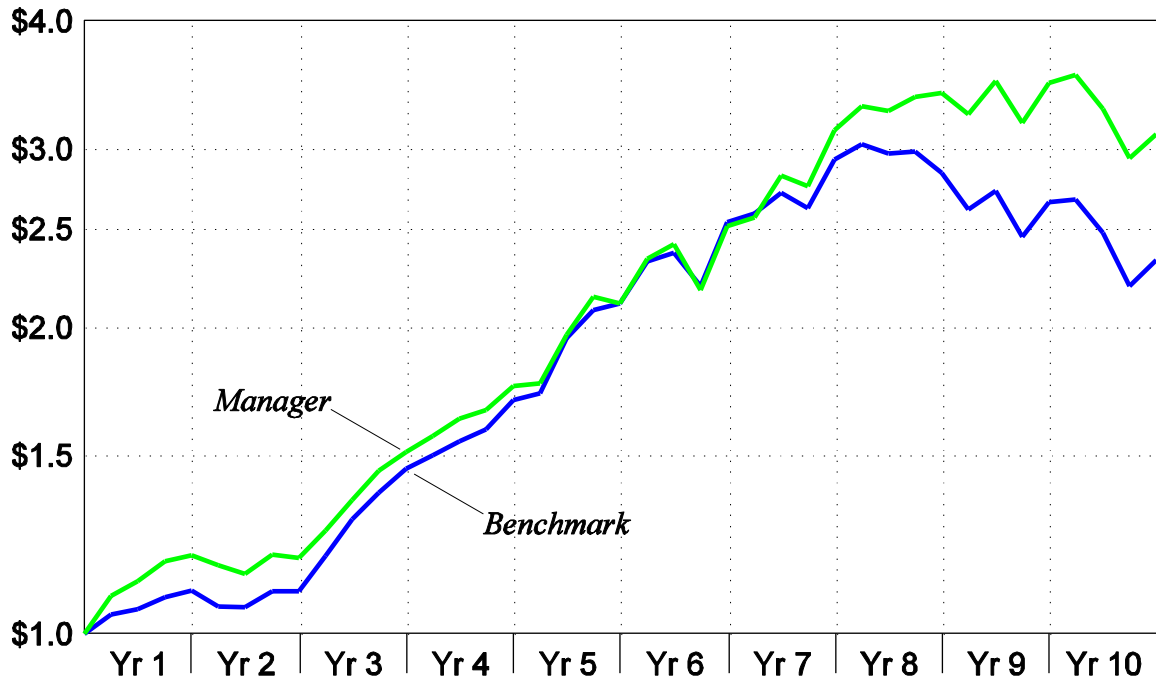
The Fund's contain a mixture of acquisition-related, venture capital, and other special equity investments. As of September 30, 2011, PPEF 2008 had committed \$180.5 million to 18 private equity limited partnerships. During the third quarter of 2011, PPEF 2008 committed €11.0 million to BC European Capital IX, L.P., a buyout partnership that will target primarily European large- market companies with defensive characteristics. As of September 30, 2011, PPEF had committed \$125.2 million to 42 private equity partnerships.

## APPENDIX – EXAMPLE CHARTS

### How to Read the Cumulative Return Chart:

# Manager vs. Benchmark

## Cumulative Value of \$1



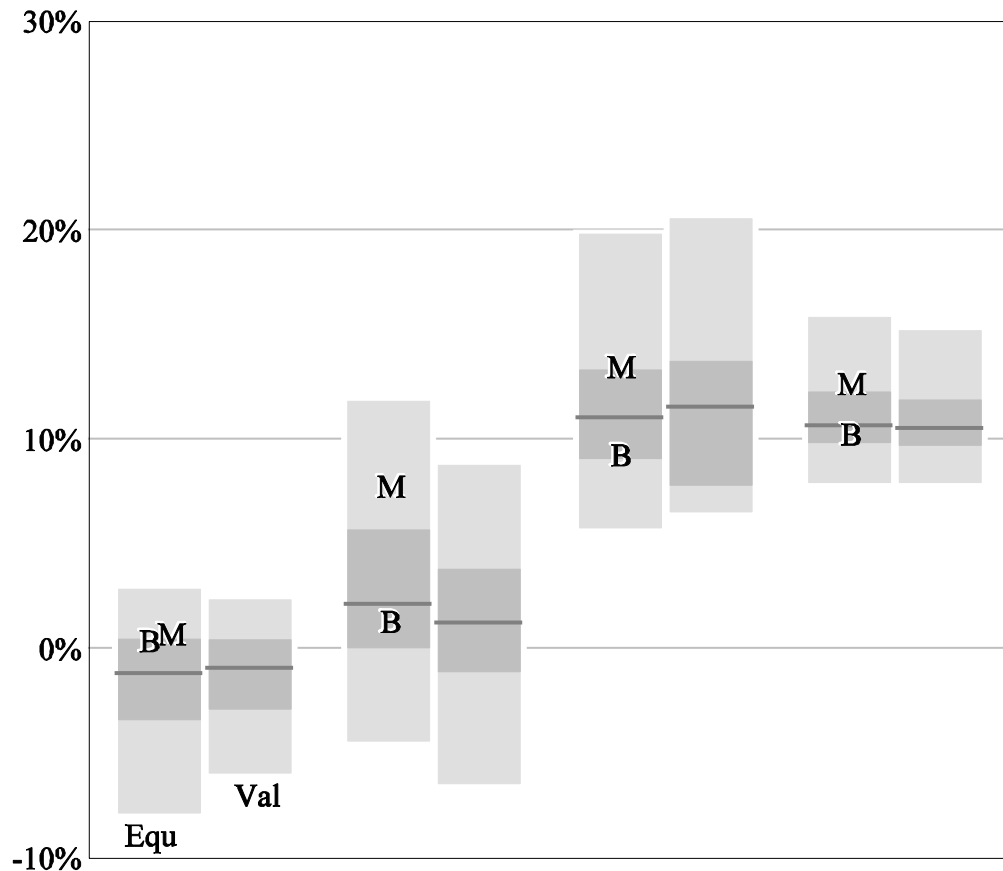
This chart shows the growth of \$1 invested in the 1<sup>st</sup> quarter of Year 1 with the manager vs. \$1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if \$1 had been invested with the manager at the beginning of the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

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

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



## How to Read The Floating Bar Chart:



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

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

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

## DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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