QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT
for

Contra Costa County
Employees' Retirement Association

FOR THE PERIOD ENDING
June 30, 2006

September 19, 2006

RR

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The following analysis was prepared by Milliman, utilizing secondary data from statements provided by the plan custodian and investment managers, Milliman computer software and selected information in the Milliman database. Reasonable care has been taken to assure the accuracy of the data contained herein, and all written comments are objectively stated and are based on facts gathered in good faith. Milliman does not guarantee the accuracy or completeness of this report.

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TABLE OF CONTENTS

KEY POINTS

Second Quarter, 2006

- Domestic equity markets had negative returns in the second quarter. The S&P 500 index returned -1.4% for the quarter and the Russell 2000® small capitalization index returned -5.0%.
- Domestic bond markets were nearly flat in the quarter, with the Lehman Aggregate returning -0.1% and the median fixed income manager returning 0.2%.
- CCCERA Total Fund returned -0.6% for the second quarter, better than the -0.8% return of the median total fund and the -0.9% return of the median public fund. CCCERA Total Fund performance has been well above the median fund over all longer cumulative periods ended June 30, 2006.
- CCCERA domestic equities returned -2.8% in the quarter, trailing the S&P 500 and the median equity manager.
- CCCERA international equities returned 0.8% for the quarter, nearly matching the 0.9% return of the MSCI EAFE index and exceeding the -0.4% return of the median international equity manager.
- CCCERA fixed income returned 0.2% for the quarter, above the Lehman Aggregate and matching the median fixed income manager.
- CCCERA international fixed income returned -0.3% for the quarter, below the 0.0% return of the Citigroup Non US Government Hedged Index.
- CCCERA alternative assets returned 3.5% for the quarter.
- CCCERA real estate returned 2.3% for the quarter, below the median real estate manager.
- Domestic equities were over-weighted vs. target at the end of the second quarter, offset by under-weightings in alternative investments and commodities. US equities are the "parking place" for assets intended for alternative investments while US fixed income is the parking place for the commodities allocation. International equities, real estate, domestic and international fixed income and cash & equivalents were all close to target levels at quarter end.

Notes

- On June 15, 2006, FFCA issued final audited financial statements for the period ending December 31, 2005. Performance returns for the 4th quarter 2005 and 1st quarter 2006 have been revised to reflect FFCA's finalized values. The returns have changed from 2.1% and 3.3% to 19.2% and 2.1%, respectively. The changes, while large for FFCA, had little impact on the total real estate composite and almost no impact on the total fund return for these periods.
- Milliman used an estimated market value for the newly funded Energy Investors Fund II on the March 31, 2006 performance report. This value of $3,541,356 has been revised to $2,843,042.
- Nogales has revised its 1st quarter 2006 performance returns and market values. The original return of 7.0% has been revised to 6.9%.
- Prior to this report, we had been reporting on the "Brinson" fund run by Adam Street, but not on the funds launched since Adams split from Brinson (the smaller portion of the asset). We have restated Adam Street's position on a consolidated basis going back to 2nd quarter of 2004, which resulted in a change of -24 bps for the current quarter, -70 bps over one year and -32 bps over two years. These changes did not have a material impact on total fund performance.

WATCH LIST

Manager	Since	Reason
ING Investments	2/2006	Personnel changes and Performance
Progress	7/2005	Personnel changes
US Realty	5/2003	Personnel changes
WAMCO	5/2006	Performance

SUMMARY

The domestic equity markets had negative returns in the second quarter of 2006, with the S&P 500 returning -1.4%. Small capitalization stocks trailed larger capitalization issues, with the Russell 2000® returning -5.0%. The median equity manager returned -2.5% and the broad market, represented by the Russell 3000®, returned -2.0%. International equity markets had better results, with the MSCI EAFE Index returning 0.9% while the median international equity manager returned -0.4%. The U.S. bond market was nearly flat in the quarter with the Lehman Aggregate Index returning -0.1% and the median fixed income manager returning 0.2%. Hedged international bonds were also flat, with the Citigroup Hedged Index returning 0.0%. Real estate returns were mixed, with the NAREIT Equity Index of publicly traded real estate investment trust securities returning -1.6% and the NCREIF Property Index returning 4.0%. The median real estate manager returned 3.2%.

CCCERA's second quarter return of -0.6% was better than both the median total fund and the median public fund. CCCERA has out-performed both medians over all trailing time periods, ranking in the upper decile of both universes over the past one through five-year periods.

CCCERA total domestic equities returned -2.8% for the quarter, below the -1.4% return of the S&P 500 and the -2.5% return of the median manager. Of CCCERA's active equity managers, Boston Partners had the strongest performance with a return of -0.9%, better than the S&P 500 but below the Russell 1000® Value Index. Rothschild returned -1.6% versus -2.5% for the Russell 2500™ Value. PIMCO returned -1.7%, slightly trailing the S&P 500. Intech returned -1.9%, below the S&P 500 return of -1.4%. ING returned -1.9%, also trailing the S&P 500. Wentworth returned -3.4%, trailing the S&P 500. Emerald returned -4.2%, better than the -7.3% return of the Russell 2000® Growth Index. Progress returned -4.7%, better than the -5.0% return of the Russell 2000® Index. Finally, Delaware returned -5.7%, below the Russell 1000® Growth return of -3.9%.

CCCERA international equities returned 0.8%, near the 0.9% return of the MSCI EAFE Index and above the -0.4% return of the median international manager. The GMO Intrinsic Value portfolio returned 0.8%, slightly below the MSCI EAFE and EAFE Value Indices but above the median international equity manager. McKinley Capital returned 0.9% in its first full quarter, matching the MSCI EAFE return while exceeding both the MSCI EAFE Growth Index and the median international equity manager.

CCCERA total domestic fixed income returned 0.2% for the second quarter, above -0.1% for the Lehman Aggregate and matched the median fixed income manager. AFL-CIO's return of 0.0% was better than the Lehman Aggregate and matched the Citigroup Mortgage Index but lagged the median fixed income manager. PIMCO returned -0.1%, matching the Lehman Aggregate but trailing the median. Western Asset also returned -0.1%, matching the Lehman Aggregate but trailing the median. ING Clarion returned 4.3%, well above the fixed income median. Nicholas Applegate returned 0.0% versus 0.1% for the Citigroup High Yield Index and -0.2% for the Merrill Lynch BB/B Index.

The Fischer Francis Trees & Watts international hedged fixed income portfolio returned -0.3% for the second quarter, below the 0.0% return of the Citigroup Non US Government Hedged Index.

CCCERA total alternative investments returned 3.5% in the second quarter. Adams Street Partners reported a return of 5.8%, Energy Investor Fund II reported a return of 4.2%, Pathway returned 4.0%, Energy Investor Fund reported a return of 2.8%, the PT Timber Fund reported a return of 1.5%, Nogales had a return of 1.1% and the Bay Area Equity Fund returned -8.4% for the second quarter. (Due to timing constraints, all alternative portfolio returns except PT Timber Fund are for the quarter ending March 31.)

The median real estate manager returned 3.2% for the quarter while CCCERA's total real estate returned 2.3%. Prudential SPF-II returned 28.8%; DLJ's RECP III returned 9.8%; Invesco returned 7.5%; BlackRock Realty returned 5.6%; Fidelity returned 4.7%; US Realty returned 3.7%; DLJ's RECP II returned 2.7%; Willows Office property returned 1.8%; DLJ's RECP I returned 1.8%; FFCA returned 0.8% and Adelante Capital's REIT portfolio returned -0.5%.

Asset Allocation
The CCCERA fund at June 30, 2006 was over-weighted in domestic equity at 45% versus the target of 43%, and under-weight in alternatives at 3% versus the target of 5% and commodities at 0% versus the target of 2%. (Assets earmarked for alternative investments are temporarily invested in U.S. equities while assets earmarked for commodities are temporarily invested in U.S. fixed income.) Other classes were near targets.

Securities lending income for the quarter totaled $137,765 from CCCERA's custodian, State Street Bank.

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

Investment Performance Objectives – over a market cycle of 3-4-5 years:

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

Summary of Managers Compliance with Investment Performance Objectives

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

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

ASSET ALLOCATION

As of June 30, 2006

EQUITY - DOMESTIC	**Market Value**	**% of Portion**	**% of Total**	**Target % of Total**
Boston Partners	$ 299,883,292	15.3 %	6.8 %	5.7 %
Delaware Investments	287,624,609	14.6	6.6	5.7
Emerald	187,048,560	9.5	4.3	3.9
ING	244,176,312	12.4	5.6	5.7
Intech	244,141,525	12.4	5.6	5.7
PIMCO	236,361,310	12.0	5.4	5.7
Progress	47,977,959	2.4	1.1	1.0
Rothschild	181,044,824	9.2	4.1	3.9
Wentworth	237,842,511	12.1	5.4	5.7
TOTAL DOMESTIC	$ 1,966,100,901	100.0 %	44.8 %	43.0 %
			Range:	*35 to 55 %*
INTERNATIONAL EQUITY				
McKinley Capital	$ 266,487,513	49.4 %	6.1 %	5.8 %
GMO Intrinsic Value	273,222,728	50.6	6.2	5.8
TOTAL INT'L EQUITY	$ 539,710,241	100.0 %	12.3 %	11.5 %
			Range:	*7 to 13 %*
FIXED INCOME - (non hy)				
AFL-CIO	$ 149,846,165	14.2 %	3.4 %	3.5 %
ING Clarion	70,747,179	6.7	1.6	1.7
PIMCO	417,119,169	39.6	9.5	8.9
Western Asset	415,251,363	39.4	9.5	8.9
TOTAL FIXED INCOME	1,052,963,876	100.0 %	24.0 %	23.0 %
			Range:	*19 to 35 %*
HIGH YIELD				
Nicholas Applegate	$ 84,191,423	100.0 %	1.9 %	2.0 %
TOTAL HIGH YIELD	84,191,423	100.0 %	1.9 %	2.0 %
			Range:	*1 to 4 %*
TOTAL U.S. FIXED	*$ 1,137,155,299*	*100.0 %*	*25.9 %*	*25.0 %*
INTERNATIONAL FIXED				
Fischer Francis	$ 168,008,328	100.0 %	3.8 %	4.0 %
TOTAL INT'L FIXED	$ 168,008,328	100.0 %	3.8 %	4.0 %
			Range:	*3 to 7 %*

ASSET ALLOCATION

As of June 30, 2006

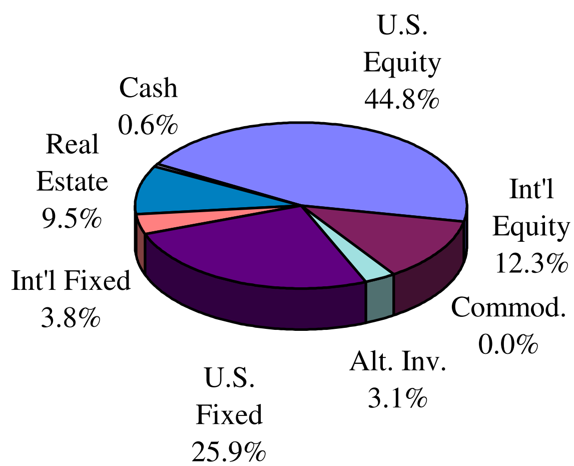
		Market Value	% of Portion	% of Total	Target % of Total
REAL ESTATE					
BlackRock Realty	$	22,393,902	5.4 %	0.5 %	- %
DLJ RECP I		1,660,269	0.4	0.0	-
DLJ RECP II		14,542,904	3.5	0.3	-
DLJ RECP III		22,412,691	5.4	0.5	-
FFCA		7,213,697	1.7	0.2	-
Fidelity		29,340,920	7.1	0.7	-
Hearthstone I		-888,000 *	-0.2	0.0	-
Hearthstone II		-896,000 *	-0.2	0.0	-
Invesco Fund I		30,973,290	7.4	0.7	-
Adelante Capital		264,180,030	63.5	6.0	-
Prudential SPF II		10,730,832	2.6	0.2	-
U.S. Realty		3,111,945	0.7	0.1	-
Willows Office Property		11,000,000	2.6	0.3	-
TOTAL REAL ESTATE	$	415,776,480	100.0 %	9.5 %	9.0 %
				Range:	*5 to 12 %*
COMMODITIES					
N/A	$	-	0.0 %	0.0 %	2.0 %
TOTAL COMMODITIES	$	-	0.0 %	0.0 %	2.0 %
				Range:	*0 to 3 %*
ALTERNATIVE INVESTMENTS					
Adams Street Partners	$	40,454,597	30.1 %	0.9 %	- %
Bay Area Equity Fund		2,667,481	2.0	0.1	-
Energy Investor Fund		26,083,469	19.4	0.6	-
Energy Investor Fund II		13,982,536	10.4	0.3	-
Nogales		11,114,476	8.3	0.3	-
Pathway		26,740,794	19.9	0.6	-
Hancock PT Timber		13,411,626	10.0	0.3	-
TOTAL ALTERNATIVE	$	134,454,979	100.0 %	3.1 %	5.0 %
Custodian Cash	$	18,041,629	68.1 %	0.4 %	- %
Treasurer's Fixed		8,451,000	31.9	0.2	-
TOTAL CASH	$	26,492,629	100.0 %	0.6 %	0.5 %
TOTAL ASSETS	**$**	**4,387,698,857**	**100.0 %**	**100.0 %**	**100.0 %**

*For a discussion of the negative asset values of the Hearthstone Funds, please refer to page 69.
**CCCERA has committed $25 million to BlackRock (formerly SSR) Realty; $15 million to DLJ RECP I; $40 million to DLJ RECP II; $75 million to DLJ III, $12 million to FFCA, $50 million to Fidelity; $40 million to Prudential's SPF-II; $40 million to US Realty; $50 million to INVESCO Real Estate; $90 million to Adams Street Partners Venture Capital Fund; $10 million to Bay Area Equity Fund; $30 million to Energy Investors USPF I; $50 million to Energy Investors USPF II; $15 million to Nogales; $75 million to Pathway and $15 million to Hancock PT Timber Fund III.

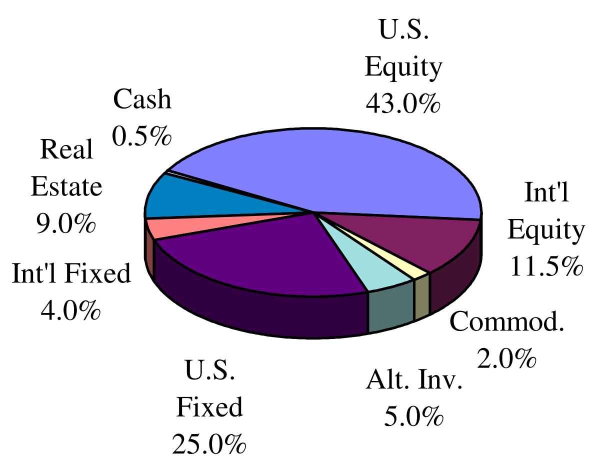
ASSET ALLOCATION

As of June 30, 2006

CCCERA Asset Allocation



Target Asset Allocation



CUMULATIVE PERFORMANCE STATISTICS
Performance through Second Quarter, 2006

DOMESTIC EQUITY	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
Boston Partners	**-0.9 %**	**4.7 %**	**7.2 %**	**14.8 %**	**13.8 %**	**16.4 %**	**11.5 %**	**7.3 %**
Rank vs Equity	***25***	***39***	***37***	***22***	***19***	***35***	***40***	***37***
Rank vs Lg Value	***72***	***59***	***52***	***31***	***31***	***39***	***44***	***47***
Delaware	**-5.7**	**-1.8**	**1.9**	**11.6**	**-**	**-**	**-**	**-**
Rank vs Equity	***82***	***90***	***84***	***41***	-	-	-	-
Rank vs Lg Growth	***74***	***61***	***53***	***12***	-	-	-	-
Emerald Advisors	**-4.2**	**11.7**	**16.1**	**23.6**	**13.1**	**17.6**	**-**	**-**
Rank vs Equity	***67***	***3***	***2***	***3***	***26***	***28***	-	-
Rank vs Sm Cap Growth	***26***	***7***	***5***	***11***	***37***	***52***	-	-
ING Investments	**-1.9**	**2.5**	**4.3**	**8.1**	**7.8**	**11.1**	**8.1**	**-**
Rank vs Equity	***43***	***65***	***69***	***70***	***63***	***77***	***79***	-
Rank vs Lg Core	***71***	***70***	***80***	***76***	***44***	***77***	***86***	-
Intech	**-1.9**	**2.7**	**5.5**	**9.6**	**10.4**	**14.4**	**10.8**	**-**
Rank vs Equity	***43***	***62***	***51***	***55***	***45***	***48***	***48***	-
Rank vs Lg Core	***72***	***62***	***26***	***34***	***15***	***12***	***15***	-
PIMCO Stocks Plus	**-1.7**	**2.2**	**4.4**	**8.0**	**7.3**	**10.9**	**-**	**-**
Rank vs Equity	***40***	***68***	***69***	***71***	***73***	***79***	-	-
Rank vs Lg Core	***66***	***77***	***79***	***76***	***77***	***83***	-	-
Progress	**-4.7**	**10.5**	**13.7**	**19.7**	**13.5**	**-**	**-**	**-**
Rank vs Equity	***73***	***5***	***4***	***7***	***22***	-	-	-
Rank vs All Sm Cap	***50***	***13***	***9***	***16***	***36***	-	-	-
Rothschild	**-1.6**	**9.9**	**12.8**	**19.2**	**16.5**	**21.3**	**-**	**-**
Rank vs Equity	***39***	***6***	***6***	***7***	***8***	***9***	-	-
Rank vs Sm Cap Value	***23***	***20***	***10***	***9***	***28***	***61***	-	-
Wentworth, Hauser	**-3.4**	**-1.3**	**2.9**	**7.9**	**9.1**	**11.1**	**8.3**	**3.4**
Rank vs Equity	***59***	***89***	***79***	***71***	***54***	***76***	***75***	***62***
Rank vs Lg Core	***90***	***95***	***91***	***77***	***27***	***77***	***79***	***30***
Total Domestic Equities	**-2.8**	**3.2**	**6.2**	**11.9**	**10.4**	**13.8**	**8.7**	**2.7**
Rank vs Equity	***52***	***52***	***45***	***39***	***45***	***52***	***67***	***70***
Median Equity	-2.5	3.3	5.7	10.3	9.7	14.1	10.7	5.3
S&P 500	-1.4	2.7	4.9	8.6	7.5	11.2	8.4	2.5
Russell 2000®	-5.0	8.2	9.4	14.6	12.0	18.7	13.2	8.5
Russell 3000®	-2.0	3.2	5.3	9.6	8.8	12.6	9.5	3.5
Russell 1000® Value	0.6	6.5	7.9	12.1	13.1	15.7	11.3	6.9
Russell 1000® Growth	-3.9	-0.9	2.0	6.1	3.9	8.4	7.0	-0.8
INT'L EQUITY								
GMO	**0.8**	**11.5**	**15.4**	**27.6**	**-**	**-**	**-**	**-**
Rank vs Int'l Eq	***30***	***20***	***31***	***46***	-	-	-	-
McKinley Capital	**0.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Rank vs Int'l Eq	***28***	-	-	-	-	-	-	-
Total Int'l Equities	**0.8**	**11.5**	**18.7**	**32.9**	**23.7**	**26.3**	**17.6**	**11.8**
Rank vs Int'l Eq	***29***	***20***	***7***	***13***	***22***	***28***	***34***	***44***
Median Int'l Equity	-0.4	9.5	14.5	27.2	20.5	24.5	16.3	11.3
MSCI EAFE Index	0.9	10.5	15.1	27.1	20.4	24.4	16.0	10.4
MSCI EAFE Growth Index	0.3	9.3	14.0	26.0	18.4	21.0	13.0	8.1
MSCI EAFE Value Index	1.1	11.0	15.3	27.1	21.4	26.8	18.0	11.9
MSCI EM Free Index	-4.3	7.3	15.1	35.9	35.4	34.8	27.2	21.5

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

CUMULATIVE PERFORMANCE STATISTICS
Performance through Second Quarter, 2006

	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
DOMESTIC FIXED INCOME								
AFL-CIO Housing	**0.0** %	**-0.3** %	**0.3** %	**-0.4** %	**3.4** %	**2.4** %	**4.4** %	**5.6** %
Rank vs Fixed Income	***65***	***65***	***63***	***72***	***29***	***43***	***41***	***25***
Nicholas Applegate	**0.0**	**2.1**	**3.7**	**5.1**	**7.2**	**7.6**	**10.1**	**8.3**
Rank vs MS High Yield	***38***	***61***	***36***	***40***	***41***	***51***	***51***	***30***
ING Clarion	**4.3**	**11.6**	**14.3**	**19.1**	**17.7**	**-**	**-**	**-**
Rank vs Fixed Income	***1***	***1***	***1***	***1***	***1***	-	-	-
PIMCO	**-0.1**	**-0.5**	**0.1**	**-0.2**	**3.9**	**3.1**	**5.1**	**-**
Rank vs Fixed Income	***74***	***71***	***70***	***63***	***17***	***17***	***14***	-
Western Asset	**-0.1**	**-0.7**	**-0.5**	**-0.8**	**3.6**	**2.9**	**5.8**	**-**
Rank vs Fixed Income	***72***	***79***	***91***	***83***	***21***	***21***	***11***	-
Total Domestic Fixed	**0.2**	**0.3**	**1.3**	**1.2**	**4.8**	**3.9**	**6.1**	**6.2**
Rank vs Fixed Income	***47***	***32***	***25***	***27***	***11***	***11***	***10***	***10***
Median Fixed Income	0.2	0.0	0.5	0.2	3.1	2.3	4.2	5.0
Median MS High Yield Mgr.	-0.2	2.3	3.2	4.5	6.7	7.6	10.1	7.3
Lehman Aggregate	-0.1	-0.7	-0.1	-0.8	2.9	2.1	4.1	5.0
Citigroup Mortgage	0.0	-0.1	0.6	0.5	3.4	3.0	3.7	4.7
Citigroup High Yield	0.1	2.9	3.3	4.2	7.2	8.3	12.5	8.9
Merrill Lynch BB/B	-0.2	2.4	3.2	4.0	7.2	7.7	10.3	7.5
T-Bills	1.2	2.2	3.1	4.0	3.1	2.4	2.2	2.3
INT'L FIXED INCOME								
Fischer Francis	**-0.3**	**-1.4**	**-0.6**	**-0.2**	**4.6**	**3.4**	**4.6**	**4.6**
Citigroup NonUS Govt Hdg	0.0	-0.9	0.0	0.3	4.7	3.0	4.2	4.3
ALTERNATIVE INVESTMENTS*								
Adams Street**	**5.8**	**13.1**	**17.2**	**22.6**	**17.5**	**16.7**	**9.3**	**4.4**
Bay Area Equity Fund**	**-8.4**	**-3.4**	**-3.2**	**-1.4**	**-**	**-**	**-**	**-**
Energy Investor Fund**	**2.8**	**6.0**	**11.2**	**32.2**	**44.8**	**-**	**-**	**-**
Energy Investor Fund II**	**4.2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Nogales**	**1.1**	**8.0**	**10.8**	**14.0**	**14.1**	**-**	**-**	**-**
Pathway**	**4.0**	**11.9**	**21.0**	**38.0**	**28.8**	**22.9**	**13.2**	**2.6**
Hancock PT Timber Fund	**1.5**	**1.2**	**3.8**	**9.1**	**8.9**	**7.1**	**4.9**	**3.8**
Total Alternative	**3.5**	**8.7**	**13.7**	**24.1**	**23.5**	**19.1**	**11.9**	**6.6**

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

** See also see Internal Rates of Return for closed end funds on page 76.*

*** Performance as of March 31, 2006.*

CUMULATIVE PERFORMANCE STATISTICS
Performance through Second Quarter, 2006

	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
REAL ESTATE*								
Adelante Capital REIT	**-0.5** %	**15.8** %	**20.5** %	**25.6** %	**30.6** %	**30.5** %	**23.7** %	**-** %
Rank vs REIT Mut Fds	*25*	*3*	*5*	*7*	*7*	*9*	*8*	*-*
BlackRock Realty	**5.6**	**16.0**	**21.1**	**32.4**	**-**	**-**	**-**	**-**
Rank	*9*	*6*	*13*	*7*	*-*	*-*	*-*	*-*
DLJ RECP I**	**1.8**	**-0.3**	**-0.2**	**0.6**	**6.3**	**9.4**	**8.5**	**8.1**
Rank	*61*	*95*	*97*	*95*	*90*	*87*	*87*	*89*
DLJ RECP II**	**2.7**	**20.8**	**37.4**	**46.0**	**40.6**	**39.0**	**33.1**	**27.3**
Rank	*56*	*4*	*3*	*2*	*5*	*5*	*4*	*4*
DLJ RECP III**	**9.8**	**4.0**	**24.0**	**-**	**-**	**-**	**-**	**-**
Rank	*4*	*83*	*7*	*-*	*-*	*-*	*-*	*-*
FFCA	**0.8**	**2.9**	**22.6**	**25.8**	**21.6**	**16.1**	**14.7**	**13.6**
Rank	*68*	*86*	*8*	*13*	*31*	*45*	*45*	*38*
Fidelity	**4.7**	**11.8**	**14.1**	**17.0**	**19.1**	**-**	**-**	**-**
Rank	*16*	*25*	*40*	*63*	*43*	*-*	*-*	*-*
Invesco Fund I	**7.5**	**22.9**	**29.9**	**30.6**	**-**	**-**	**-**	**-**
Rank	*6*	*3*	*4*	*8*	*-*	*-*	*-*	*-*
Prudential SPF II	**28.7**	**38.5**	**49.2**	**53.2**	**44.4**	**34.9**	**27.4**	**22.2**
Rank	*1*	*1*	*1*	*1*	*4*	*7*	*8*	*13*
U.S. Realty	**3.7**	**8.3**	**-21.3**	**-18.9**	**-6.2**	**-0.8**	**3.3**	**5.3**
Rank	*39*	*42*	*100*	*99*	*99*	*98*	*95*	*93*
Willows Office Property	**1.8**	**4.2**	**5.8**	**7.4**	**7.5**	**1.6**	**3.4**	**13.4**
Rank	*60*	*82*	*85*	*88*	*89*	*98*	*95*	*38*
Total Real Estate	**2.3**	**15.7**	**21.7**	**26.6**	**29.0**	**27.5**	**22.5**	**20.9**
Rank	*58*	*9*	*9*	*12*	*17*	*21*	*22*	*18*
Median Real Estate	3.2	7.9	12.8	18.4	18.2	15.7	14.2	12.0
NCREIF Property Index	4.0	7.8	13.6	18.7	18.4	15.8	13.7	12.0
NAREIT Equity Index	-1.6	12.9	14.6	19.0	25.7	26.1	20.2	19.4
CPI + 500 bps	2.8	5.7	5.9	9.6	8.6	8.6	8.4	8.0
CCCERA Total Fund	**-0.6** %	**4.9** %	**8.2** %	**13.2** %	**12.8** %	**14.0** %	**11.8** %	**8.0** %
Rank vs. Total Fund	*43*	*11*	*6*	*8*	*5*	*8*	*7*	*9*
Rank vs. Public Fund	*26*	*10*	*2*	*2*	*2*	*3*	*3*	*4*
Median Total Fund	-0.8	3.0	5.0	8.5	8.4	10.0	8.4	5.7
Median Public Fund	-0.9	3.0	4.7	8.1	8.2	10.2	8.5	5.8
CPI + 400 bps	2.6	5.1	5.1	8.5	7.6	7.6	7.4	6.9

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

** See also see Internal Rates of Return for closed end funds on page 76.*

*** Performance as of March 31, 2006.*

AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS
Performance through Second Quarter, 2006

	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr
DOMESTIC EQUITY								
Boston Partners	**-0.9 %**	**4.5 %**	**7.0 %**	**14.4 %**	**13.4 %**	**16.0 %**	**11.2 %**	**6.9 %**
Delaware	**-5.8**	**-2.0**	**1.5**	**11.2**	**-**	**-**	**-**	**-**
Emerald Advisors	**-4.3**	**11.4**	**15.6**	**22.9**	**12.4**	**16.9**	**-**	**-**
ING	**-2.0**	**2.3**	**4.1**	**7.8**	**7.5**	**10.8**	**7.8**	**-**
Intech	**-2.0**	**2.5**	**5.3**	**9.3**	**10.1**	**14.0**	**10.5**	**-**
PIMCO Stocks Plus	**-1.8**	**2.1**	**4.1**	**7.6**	**6.9**	**10.6**	**-**	**-**
Progress	**-4.9**	**10.1**	**13.1**	**18.8**	**12.7**	**-**	**-**	**-**
Rothschild	**-1.8**	**9.6**	**12.3**	**18.5**	**15.8**	**20.5**	**-**	**-**
Wentworth, Hauser	**-3.5**	**-1.4**	**2.7**	**7.7**	**8.9**	**10.9**	**8.1**	**3.2**
S&P 500	-1.4	2.7	4.9	8.6	7.5	11.2	8.4	2.5
Russell 2000®	-5.0	8.2	9.4	14.6	12.0	18.7	13.2	8.5
Russell 3000®	-2.0	3.2	5.3	9.6	8.8	12.6	9.5	3.5
Russell 1000® Value	0.6	6.5	7.9	12.1	13.1	15.7	11.3	6.9
Russell 1000® Growth	-3.9	-0.9	2.0	6.1	3.9	8.4	7.0	-0.8
INT'L EQUITY								
GMO Intrinsic Value	**0.6**	**11.1**	**14.9**	**26.8**	**-**	**-**	**-**	**-**
McKinley Capital	**0.7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
MSCI EAFE Index	0.9	10.5	15.1	27.1	20.4	24.4	16.0	10.4
MSCI EAFE Growth Index	0.3	9.3	14.0	26.0	18.4	21.0	13.0	8.1
MSCI EAFE Value Index	1.1	11.0	15.3	27.1	21.4	26.8	18.0	11.9
MSCI EM Free Index	-4.3	7.3	15.1	35.9	35.4	34.8	27.2	21.5
DOMESTIC FIXED INCOME								
AFL-CIO Housing	**-0.1**	**-0.5**	**0.0**	**-0.8**	**3.0**	**2.0**	**4.0**	**5.2**
Nicholas Applegate	**-0.1**	**1.9**	**3.3**	**4.6**	**6.6**	**7.0**	**9.5**	**7.7**
ING Clarion	**4.0**	**10.8**	**12.8**	**16.7**	**15.1**	**-**	**-**	**-**
PIMCO	**-0.2**	**-0.6**	**-0.1**	**-0.4**	**3.6**	**2.9**	**4.8**	**-**
Western Asset	**-0.1**	**-0.8**	**-0.6**	**-1.0**	**3.4**	**2.7**	**5.6**	**-**
Lehman Aggregate	-0.1	-0.7	-0.1	-0.8	2.9	2.1	4.1	5.0
Citigroup Mortgage	0.0	-0.1	0.6	0.5	3.4	3.0	3.7	4.7
Citigroup High Yield	0.1	2.9	3.3	4.2	7.2	8.3	12.5	8.9
T-Bills	1.2	2.2	3.1	4.0	3.1	2.4	2.2	2.3
INT'L FIXED INCOME								
Fischer Francis	**-0.4**	**-1.5**	**-0.8**	**-0.5**	**4.2**	**3.1**	**4.2**	**4.3**
Citigroup NonUS Govt Hdg	0.0	-0.9	0.0	0.3	4.7	3.0	4.2	4.3
REIT Portfolio								
Adelante Capital	**-0.6**	**15.5**	**20.0**	**25.0**	**30.0**	**29.9**	**23.1**	**-**
NAREIT Equity Index	-1.6	12.9	14.6	19.0	25.7	26.1	20.2	19.4

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

YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Second Quarter, 2006

DOMESTIC EQUITY	YTD	2005	2004	2003	2002	2001	2000
Boston Partners	**4.7 %**	**12.0 %**	**16.6 %**	**27.1 %**	**-18.7 %**	**4.1 %**	**18.8 %**
Rank vs Equity	*39*	*14*	*31*	*75*	*32*	*21*	*13*
Rank vs Lg Value	*59*	*14*	*32*	*81*	*54*	*22*	*15*
Delaware	**-1.8**	-	-	-	-	-	-
Rank vs Equity	*90*	-	-	-	-	-	-
Rank vs Lg Growth	*61*	-	-	-	-	-	-
Emerald Advisors	**11.7**	**10.1**	**4.1**	-	-	-	-
Rank vs Equity	*3*	*25*	*93*	-	-	-	-
Rank vs Sm Cap Growth	*7*	*20*	*86*	-	-	-	-
ING	**2.5**	**5.4**	**11.2**	**26.7**	-	-	-
Rank vs Equity	*65*	*61*	*60*	*77*	-	-	-
Rank vs Lg Core	*70*	*40*	*36*	*83*	-	-	-
Intech	**2.7**	**8.9**	**15.3**	**29.4**	-	-	-
Rank vs Equity	*62*	*34*	*37*	*60*	-	-	-
Rank vs Lg Core	*62*	*14*	*7*	*34*	-	-	-
PIMCO Stocks Plus	**2.2**	**4.6**	**11.1**	**29.9**	-	-	-
Rank vs Equity	*68*	*75*	*62*	*58*	-	-	-
Rank vs Lg Core	*77*	*78*	*15*	*29*	-	-	-
Progress	**10.5**	**9.1**	-	-	-	-	-
Rank vs Equity	*5*	*32*	-	-	-	-	-
Rank vs All Sm Cap	*13*	*36*	-	-	-	-	-
Rothschild	**9.9**	**11.2**	**20.7**	-	-	-	-
Rank vs Equity	*6*	*18*	*15*	-	-	-	-
Rank vs Sm Cap Value	*20*	*23*	*39*	-	-	-	-
Wentworth, Hauser	**-1.3**	**9.6**	**13.6**	**27.1**	**-23.4**	**-6.7**	**11.4**
Rank vs Equity	*89*	*28*	*46*	*75*	*65*	*42*	*24*
Rank vs Lg Core	*95*	*9*	*15*	*82*	*77*	*11*	*2*
Total Domestic Equities	**3.2**	**8.8**	**13.0**	**31.0**	**-28.0**	**-9.2**	**-2.8**
Rank vs Equity	*52*	*35*	*49*	*50*	*83*	*48*	*50*
Median Equity	3.3	6.5	12.9	31.0	-22.0	-9.7	-2.7
S&P 500	2.7	4.9	10.9	28.7	-22.1	-11.9	-9.1
Russell 2000	8.2	4.6	18.3	47.3	-20.5	2.5	-3.0
Russell 3000	3.2	6.1	12.0	31.0	-21.6	-11.5	-7.5
Russell 1000 Value	6.5	7.0	16.5	30.0	-15.5	-5.6	7.0
Russell 1000 Growth	-0.9	5.3	6.3	29.8	-27.9	-20.4	-22.4
INT'L EQUITY							
GMO	**11.5**	-	-	-	-	-	-
Rank vs Int'l Eq	*20*	-	-	-	-	-	-
McKinley Capital	-	-	-	-	-	-	-
Rank vs Int'l Eq	-	-	-	-	-	-	-
Total Int'l Equities	**11.5**	**20.0**	**18.1**	**39.9**	**-14.6**	**-18.1**	**-18.2**
Rank vs Int'l Eq	*20*	*32*	*68*	*27*	*45*	*59*	*74*
Median Int'l Equity	9.5	15.9	19.9	36.4	-15.0	-16.5	-14.0
MSCI EAFE Index	10.5	14.0	20.7	39.2	-15.7	-21.2	-14.0

YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Second Quarter, 2006

	YTD	2005	2004	2003	2002	2001	2000
DOMESTIC FIXED INCOME							
AFL-CIO Housing	**-0.3** %	**3.0** %	**4.6** %	**4.2** %	**12.1** %	**8.6** %	**12.7** %
Rank vs Fixed Income	***65***	***25***	***41***	***66***	***6***	***43***	***9***
Nicholas Applegate	**2.1**	**3.8**	**9.1**	**21.2**	**4.8**	**3.6**	**-**
Rank	***61***	***15***	***66***	***68***	***5***	***40***	***-***
ING Clarion	**11.6**	**15.3**	**-**	**-**	**-**	**-**	**-**
Rank vs Fixed Income	***1***	***1***	***-***	***-***	***-***	***-***	***-***
PIMCO	**-0.5**	**3.4**	**5.6**	**6.9**	**-**	**-**	**-**
Rank vs Fixed Income	***71***	***18***	***20***	***21***	***-***	***-***	***-***
Western Asset	**-0.7**	**2.4**	**6.5**	**7.1**	**-**	**-**	**-**
Rank vs Fixed Income	***79***	***56***	***15***	***18***	***-***	***-***	***-***
Total Domestic Fixed	**0.3**	**3.7**	**6.3**	**7.9**	**9.1**	**7.2**	**10.7**
Rank vs Fixed Income	***32***	***14***	***16***	***14***	***52***	***75***	***49***
Median Fixed Income	0.0	2.5	4.4	4.6	9.2	8.4	10.7
Median MS High Yield Mgr.	2.3	2.5	9.8	24.0	-1.1	2.7	-8.1
Lehman Aggregate	-0.7	2.4	4.3	4.1	10.3	8.4	11.6
Citigroup Mortgage	-0.1	2.7	4.8	3.1	8.8	8.2	11.3
Citigroup High Yield	2.9	2.1	10.8	30.6	-1.5	5.4	-5.7
T-Bills	2.2	3.1	1.3	1.1	1.8	4.4	6.1
INT'L FIXED INCOME							
Fischer Francis	**-1.4**	**5.4**	**6.4**	**3.5**	**7.3**	**5.4**	**-**
Citigroup NonUS Govt Hdg	**-0.9**	5.7	5.2	1.9	6.9	6.1	9.6
ALTERNATIVE INVESTMENTS							
Adams Street**	**13.1**	**17.0**	**13.0**	**4.5**	**-10.9**	**-28.9**	**92.1**
Bay Area Equity Fund**	**-3.4**	**1.9**	**-**	**-**	**-**	**-**	**-**
Energy Investor Fund**	**6.0**	**84.2**	**-**	**-**	**-**	**-**	**-**
Energy Investor Fund II**	**-**						
Nogales**	**8.0**	**13.1**	**-**	**-**	**-**	**-**	**-**
Pathway**	**11.9**	**42.5**	**12.2**	**0.2**	**-23.1**	**-33.9**	**39.3**
Hancock PT Timber Fund	**1.2**	**9.8**	**6.9**	**3.8**	**-1.1**	**0.2**	**3.3**
Total Alternative	**8.7**	**33.3**	**11.4**	**3.5**	**-9.3**	**-22.8**	**59.5**

See also IRRs on closed end funds (real estate and alternatives) on Page 76.

*** Performance as of March 31, 2006.*

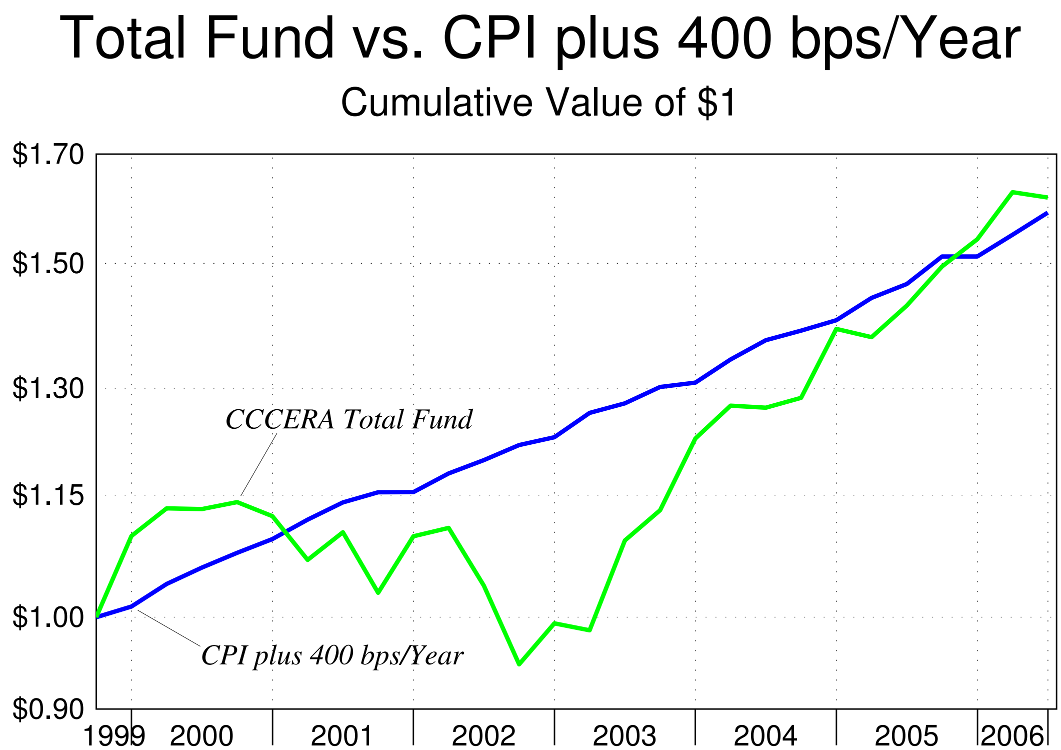
YEAR BY YEAR PERFORMANCE STATISTICS
Performance through Second Quarter, 2006

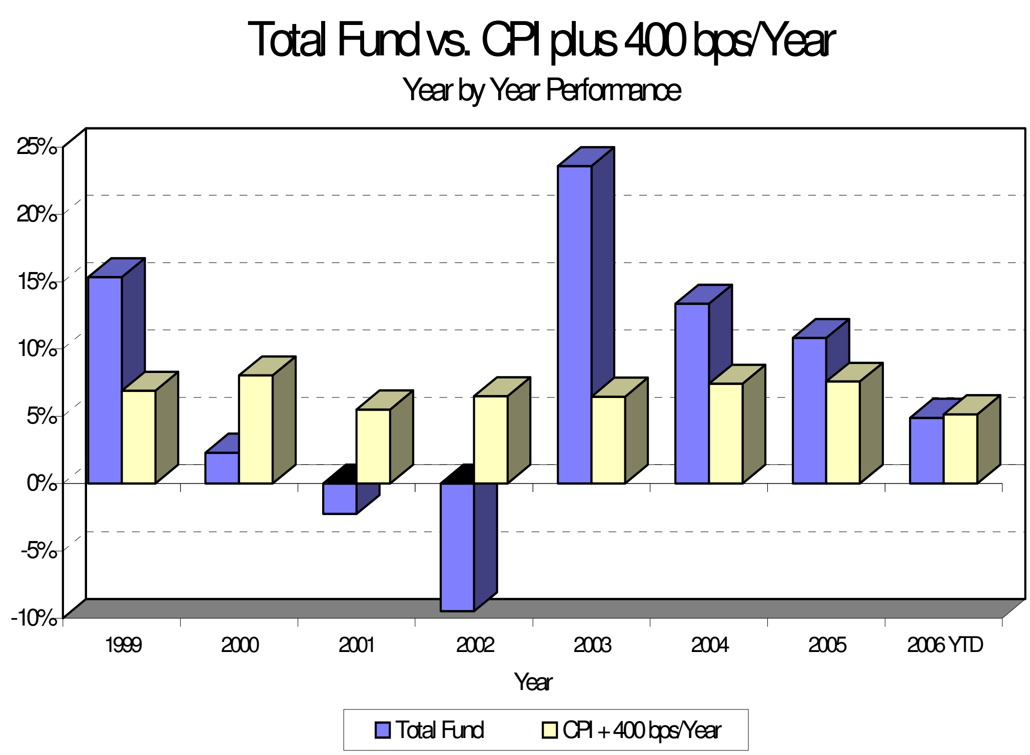
	YTD	2005	2004	2003	2002	2001	2000
REAL ESTATE							
Adelante Capital REIT	**15.8** %	**16.7** %	**36.9** %	**36.1** %	**4.2** %	**-** %	**-** %
Rank	***3***	***4***	***11***	***53***	***47***	**-**	**-**
BlackRock Realty	**16.0**	**28.7**	**-**	**-**	**-**	**-**	**-**
Rank	***6***	***11***	**-**	**-**	**-**	**-**	**-**
DLJ RECP I**	**-0.3**	**14.2**	**11.8**	**4.2**	**6.8**	**9.0**	**14.9**
Rank	***95***	***62***	***54***	***84***	***39***	***35***	***38***
DLJ RECP II**	**20.8**	**51.3**	**33.8**	**25.8**	**9.9**	**4.9**	**-4.3**
Rank	***4***	***4***	***19***	***28***	***14***	***66***	***88***
DLJ RECP III**	**4.0**	**-**	**-**	**-**	**-**	**-**	**-**
Rank	***83***	**-**	**-**	**-**	**-**	**-**	**-**
FFCA	**2.9**	**29.3**	**14.5**	**9.6**	**9.9**	**10.2**	**15.1**
Rank	***86***	***11***	***39***	***43***	***13***	***21***	***37***
Fidelity	**11.8**	**16.1**	**-**	**-**	**-**	**-**	**-**
Rank	***25***	***51***	**-**	**-**	**-**	**-**	**-**
Invesco Fund I	**22.9**	**-**	**-**	**-**	**-**	**-**	**-**
Rank	***3***	**-**	**-**	**-**	**-**	**-**	**-**
Prudential SPF II	**38.5**	**38.3**	**19.7**	**12.4**	**6.5**	**4.1**	**11.7**
Rank	***1***	***7***	***30***	***33***	***40***	***68***	***57***
U.S. Realty	**8.3**	**-21.1**	**8.3**	**17.2**	**13.8**	**11.1**	**11.1**
Rank	***42***	***96***	***69***	***32***	***2***	***20***	***64***
Willows Office Property	**4.2**	**7.5**	**-8.9**	**7.9**	**8.2**	**66.1**	**10.6**
Rank	***82***	***80***	***96***	***67***	***29***	***1***	***65***
Total Real Estate	**15.7**	**20.4**	**30.4**	**25.6**	**7.5**	**10.2**	**11.0**
Rank	***9***	***29***	***23***	***28***	***35***	***25***	***64***
Median Real Estate	7.9	16.7	12.3	9.5	4.8	7.3	12.7
NCREIF Property Index	7.8	20.1	14.5	9.0	6.7	6.3	10.3
NAREIT Index	12.9	12.2	30.4	38.5	5.2	15.5	25.9
CPI + 500 bps	5.7	8.6	8.5	7.5	7.6	6.7	10.2
CCCERA Total Fund	**4.9**	**10.8**	**13.38**	**23.5**	**-9.5**	**-2.4**	**2.2**
Rank vs. Total Fund	***11***	***5***	***15***	***20***	***63***	***54***	***53***
Rank vs. Public Fund	***10***	***2***	***8***	***19***	***69***	***47***	***48***
Median Total Fund	-0.8	6.1	10.4	19.1	-8.1	-1.6	2.8
Median Public Fund	-0.9	6.0	10.0	20.4	-8.0	-2.4	2.1
CPI + 400 bps	2.6	7.6	7.4	6.5	6.5	5.5	9.1

*** Performance as of March 31, 2006.*

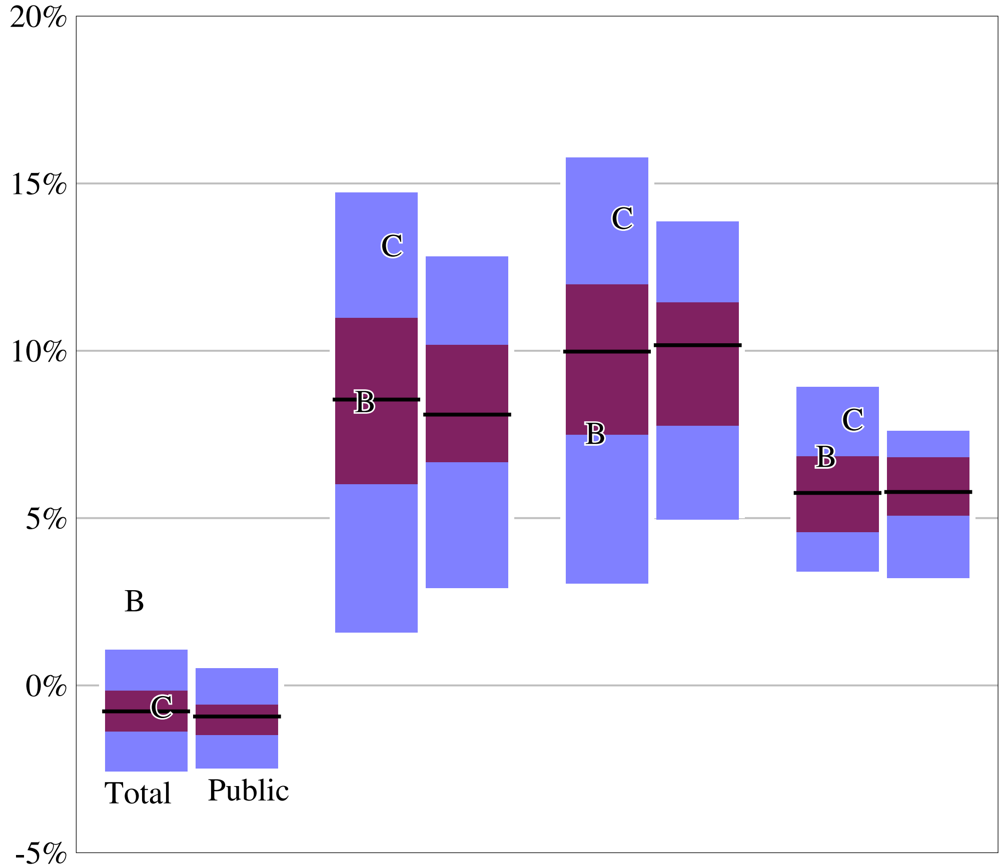
TOTAL FUND PERFORMANCE

Total Fund





Total Fund



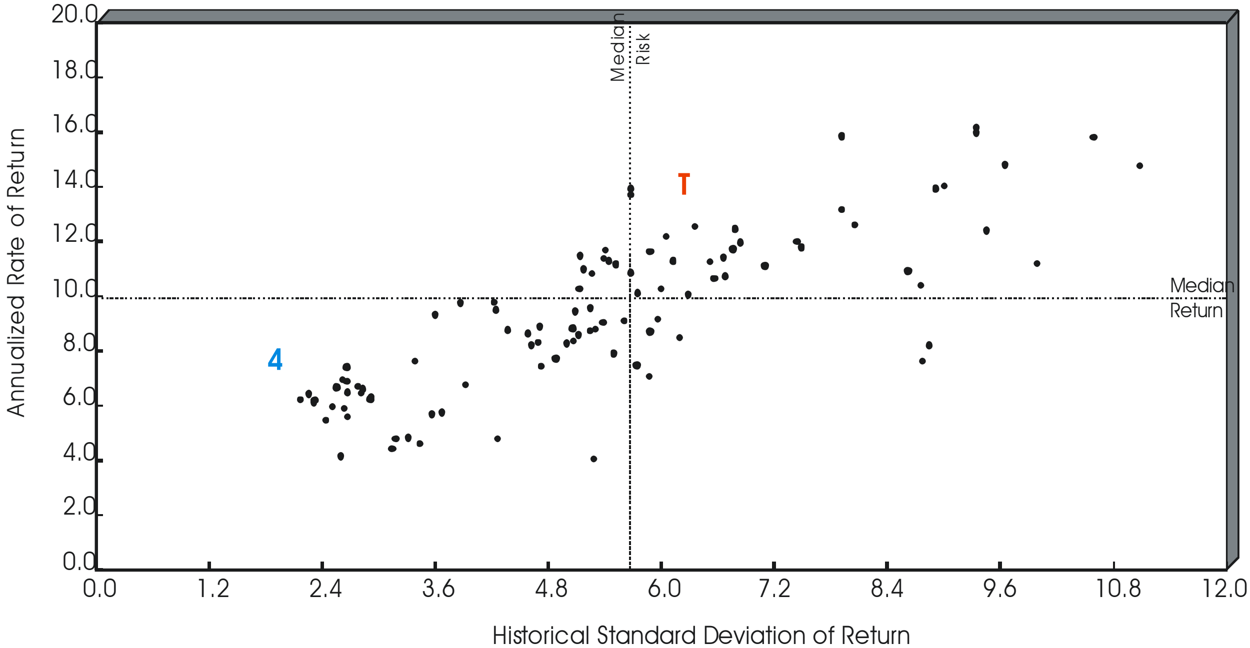
	Last Qtr	1 Yr	3 Yrs	5 Yrs
Total Fund (**C**)	-0.6	13.2	14.0	8.0
Rank v. Total	*43*	*8*	*8*	*9*
Rank v. Public	*26*	*2*	*3*	*4*
CPI plus 400 (**B**)	2.6	8.5	7.6	6.9
Total Fund Median	-0.8	8.5	10.0	5.7
Public Fund Median	-0.9	8.1	10.2	5.8

CCCERA Total Fund returned -0.6% in the second quarter, better than the -0.8% return of the median total fund and the -0.9% return of the median total public fund. For the one-year period, the Total Fund returned 13.2%, well above 8.5% for the median total fund and 8.5% for the median public fund. Over the longer periods CCCERA has performed better than both fund medians. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a somewhat higher risk level over the past three and five year periods. CCCERA Total Fund also exceeded the CPI plus 400 basis points over the past five years.

TOTAL FUND PERFORMANCE

Performance and Variability

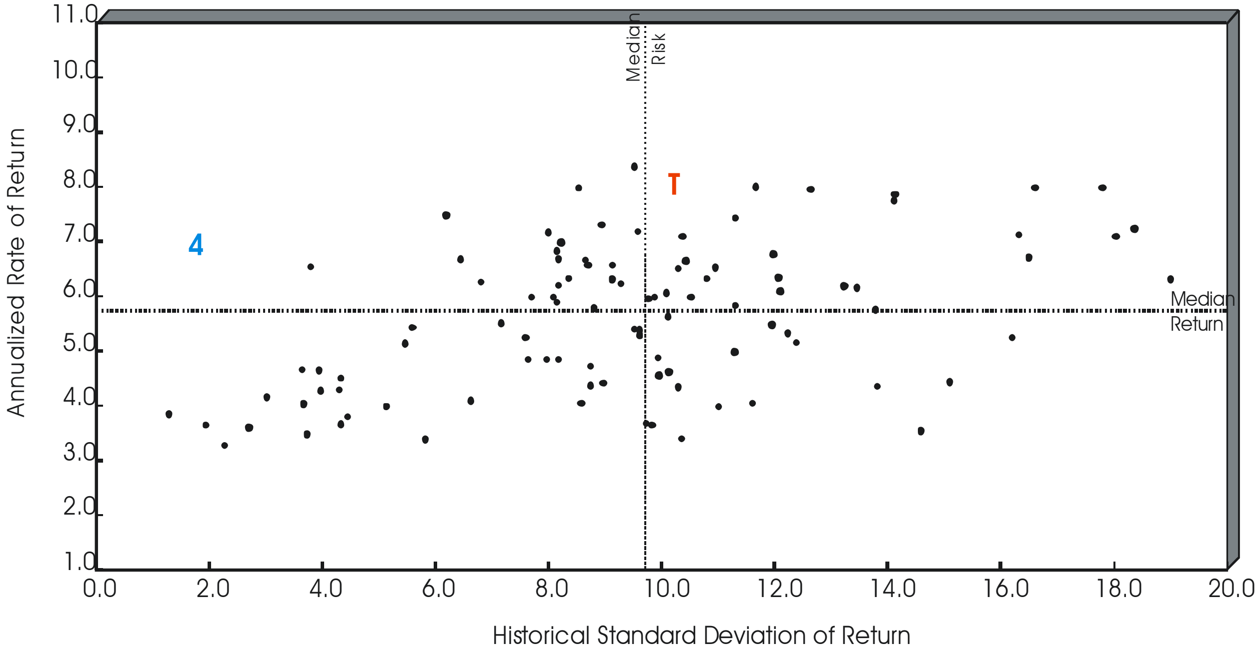
Three Years Ending June 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
T	Total Fund	13.99	8	6.31	65
4	CPI + 400bps/yr	7.55	74	1.94	4
	Median	9.95		5.67	

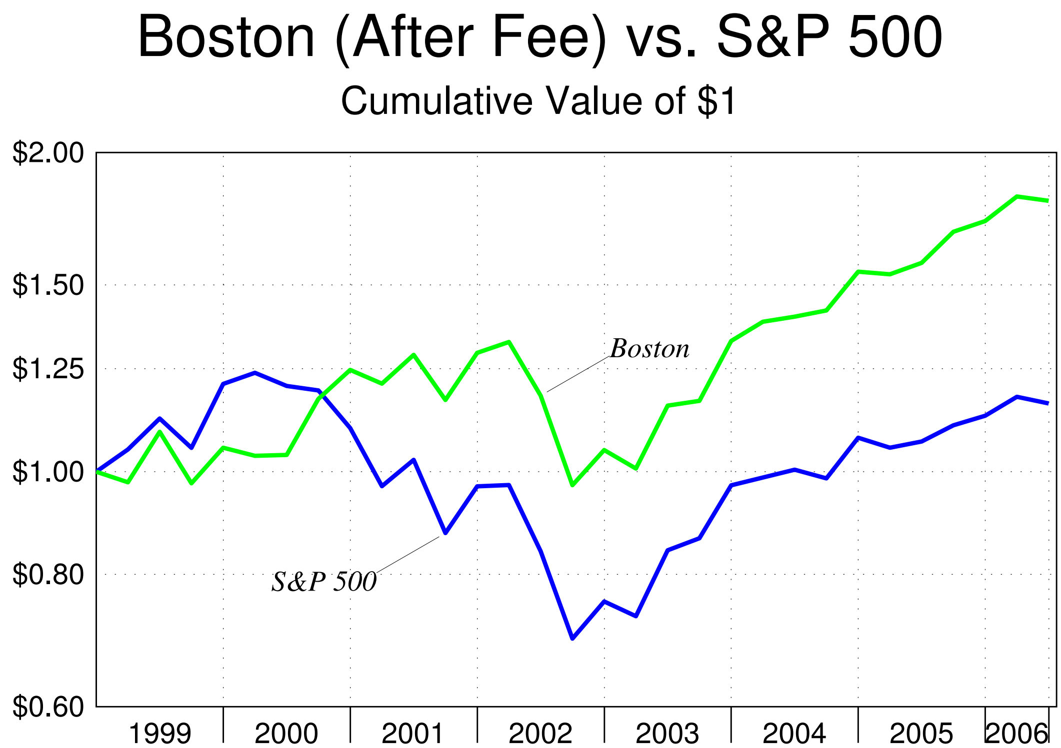
Performance and Variability

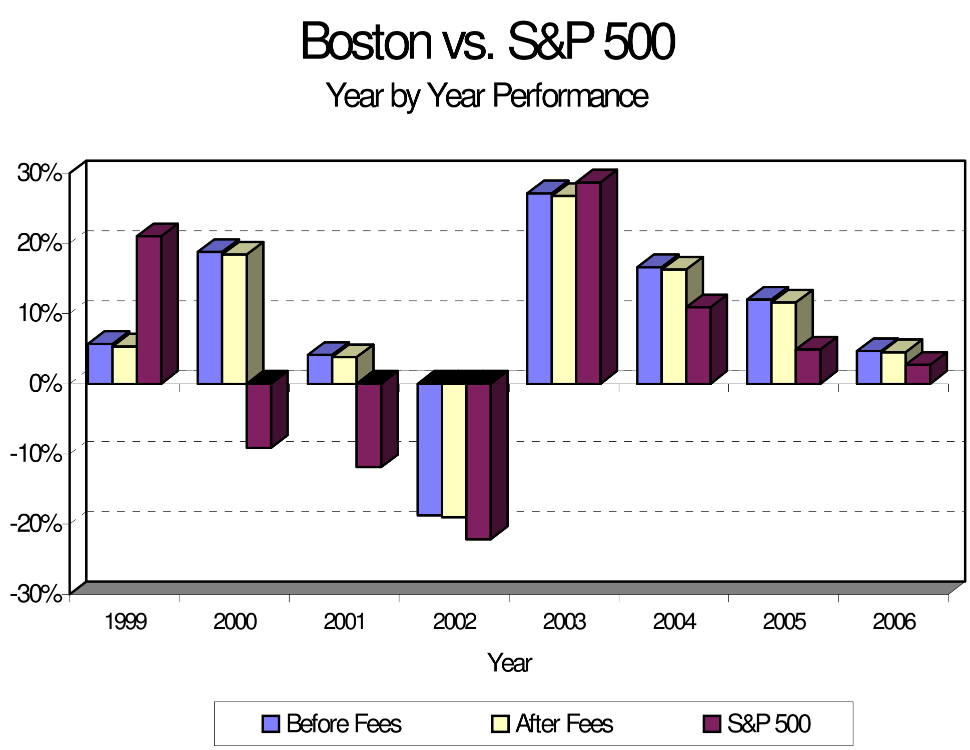
Five Years Ending June 30, 2006



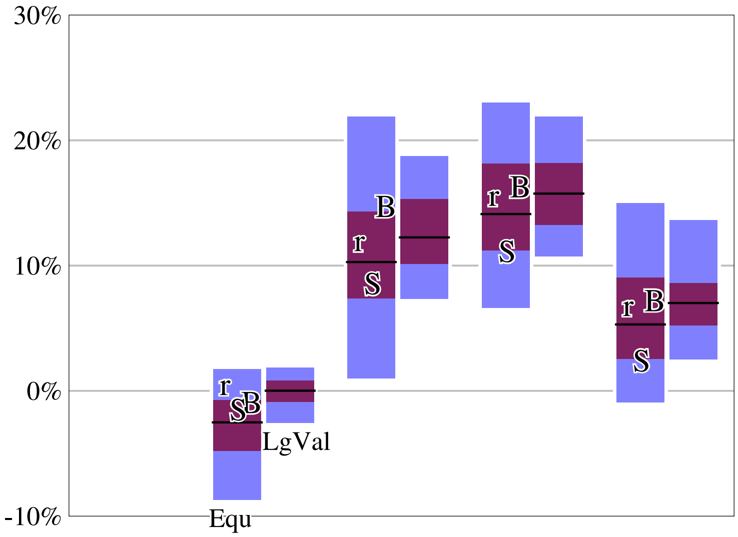
		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
T	Total Fund	7.97	9	10.34	61
4	CPI + 400bps/yr	6.87	24	1.85	3
	Median	5.74		9.72	

Boston Partners





Boston Partners



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Boston (B)	-0.9	14.8	16.4	7.3
Rank v. Equity	*25*	*22*	*35*	*37*
Rank v. Lg Value	*72*	*31*	*39*	*47*
S&P 500 (S)	-1.4	8.6	11.2	2.5
Rus. 1000® Val. (r)	0.6	12.1	15.7	6.9
Equity Median	-2.5	10.3	14.1	5.3
Lg Value Median	0.0	12.2	15.7	7.0

Portfolio Characteristics	**Boston Partners**	**S&P 500**
Eq Mkt Value ($Mil)	289.3	N/A
Wtd. Avg. Cap ($Bil)	71.8	86.9
Beta	1.04	1.00
Yield (%)	1.75	1.93
P/E Ratio	15.76	17.28
Cash (%)	3.5	0.0
Number of Holdings	82	500
Turnover Rate (%)	63.6	-

Sector	**Boston Partners**	**S&P 500**
Energy	16.1 %	10.2 %
Materials	1.3	3.1
Industrials	7.7	11.7
Cons. Discretionary	15.6	10.2
Consumer Staples	0.8	9.6
Health Care	9.2	12.3
Financials	32.4	21.4
Info Technology	12.4	14.9
Telecom Services	3.9	3.3
Utilities	0.5	3.4

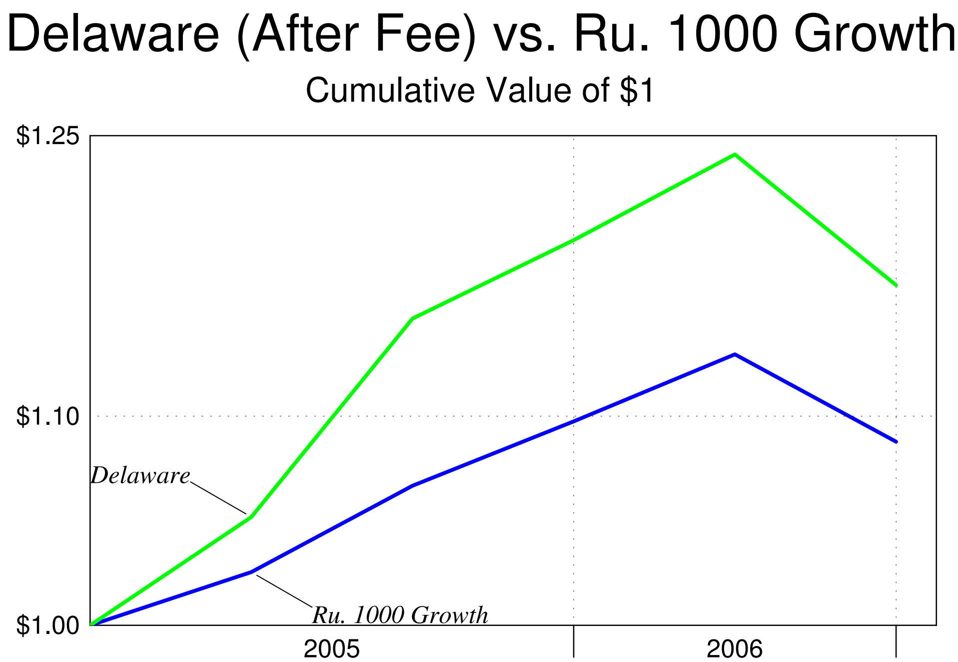
Boston Partners' second quarter return of -0.9% was better than -1.4% for the S&P 500 and -2.5% for the median equity manager but below the 0.0% return of the median large value equity manager and the 0.6% return of the Russell 1000® Value Index. For the one-year period, Boston returned 14.8%, above 8.6% for the S&P 500, 10.3% for the median equity manager and the 12.1% return of the Russell 1000® Value Index. Over both the three and five year periods, Boston's performance was above the median equity manager and exceeded the S&P 500 on both an absolute and risk-adjusted basis (page 36). Boston is in compliance with CCCERA's performance objectives.

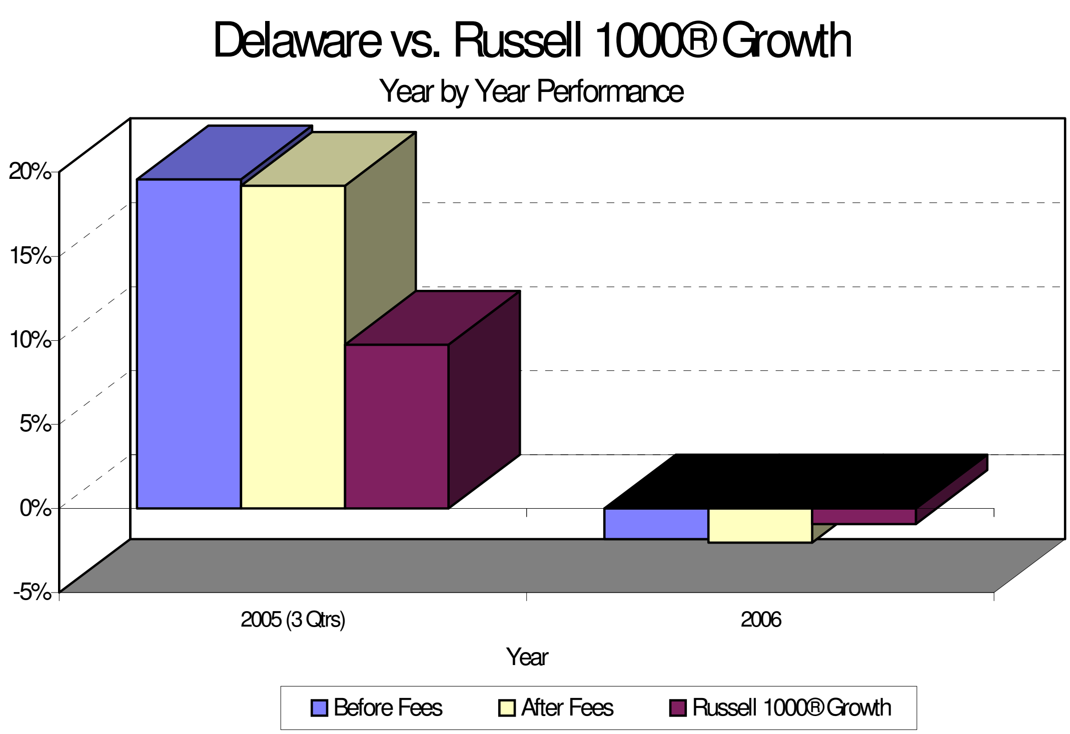
The portfolio had a slightly above market beta of 1.04x, a below-market P/E ratio and a below-market yield. It included 82 stocks, concentrated in the large to mid capitalization sectors. Boston's largest economic sector over-weightings were in the financials, energy and consumer discretionary sectors, while the largest under-weightings were in the consumer staples and industrials sectors. Boston's annual portfolio turnover rate for the year ended June 30, 2006 was 63.6%.

Boston Partners' second quarter performance relative to the S&P 500 was helped by both stock selection and sector allocation decisions. Trading decisions during the quarter had a negative impact. Stock selection decisions in the consumer discretionary, information technology and energy sectors had the strongest positive impacts on the portfolio. Top performing holdings included Kerr McGee (+45%), American Eagle Outfitters (+14%) and CBS Corp (+14%), while the worst performing holdings included CIGNA Corp (-25%), Tronox Inc (-22%) and Aetna US Healthcare (-19%).

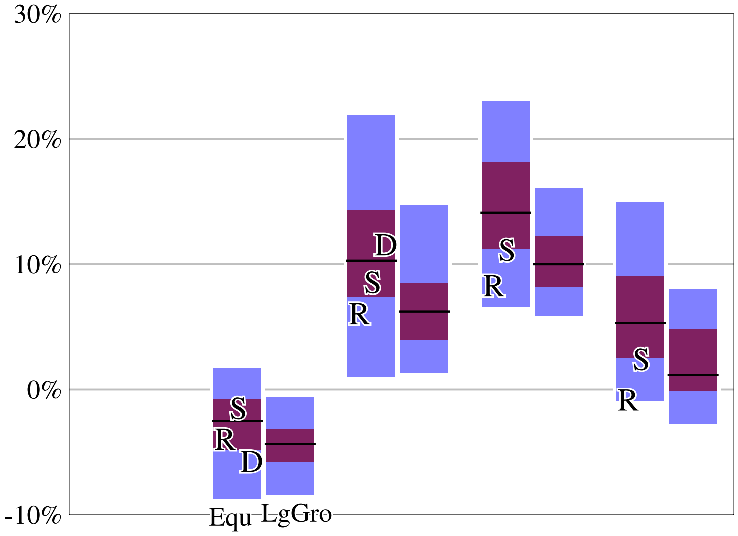
MANAGER COMMENTS – DOMESTIC EQUITY

Delaware





Delaware



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Delaware (**D**)	-5.7	11.6	-	-
Rank v. Equity	*82*	*41*	-	-
Rank v. Lg Growth	*74*	*12*	-	-
S&P 500 (**S**)	-1.4	8.6	11.2	2.5
Ru 1000® Gro (**R**)	-3.9	6.1	8.4	-0.8
Equity Median	-2.5	10.3	14.1	5.3
Lg Growth Median	-4.4	6.2	10.0	1.1

Portfolio Characteristics	**Delaware**	**S&P 500**
Eq Mkt Value ($Mil)	286.65	N/A
Wtd. Avg. Cap ($Bil)	45.40	86.9
Beta	1.05	1.00
Yield (%)	0.69	1.93
P/E Ratio	32.59	17.28
Cash (%)	0.3	0.0
Number of Holdings	28	500
Turnover Rate (%)	31.7	-

Sector	**Delaware**	**S&P 500**
Energy	0.0 %	10.2 %
Materials	3.6	3.1
Industrials	9.2	11.7
Cons. Discretionary	17.8	10.2
Consumer Staples	11.5	9.6
Health Care	15.2	12.3
Financials	6.7	21.4
Info Technology	33.2	14.9
Telecom Services	2.8	3.3
Utilities	0.0	3.4

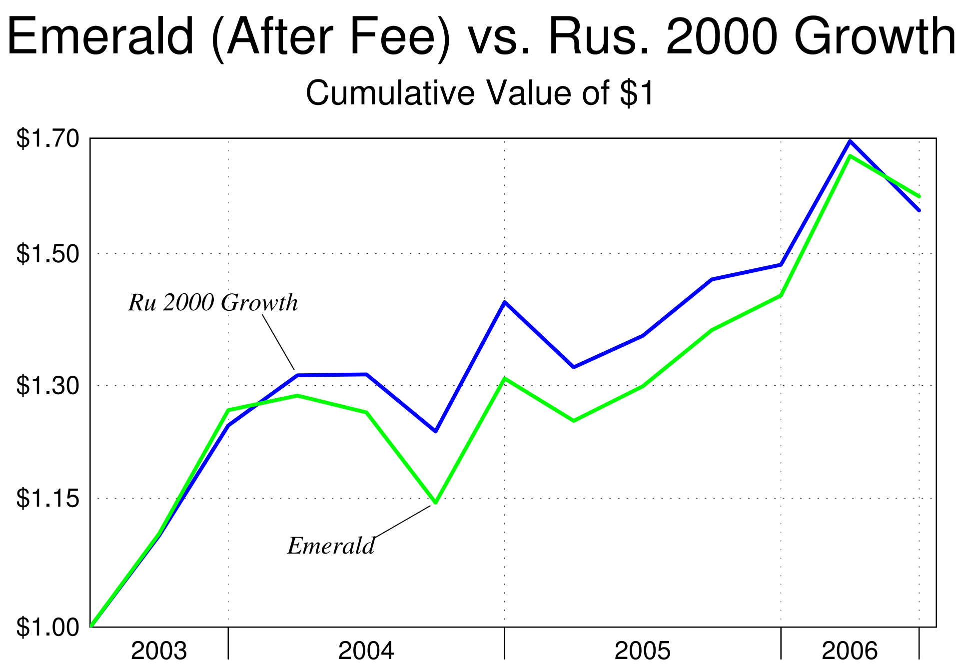
Delaware's return of -5.7% for the second quarter was below the -3.9% return of the Russell 1000® Growth Index and trailed the -4.4% return of the large cap growth median, ranking in the 74th percentile in the universe of large growth equity managers. Over the past year, the portfolio has returned 11.6%, exceeding the Russell 1000® Growth Index return of 6.1% and ranking in the 12th percentile of large growth equity managers.

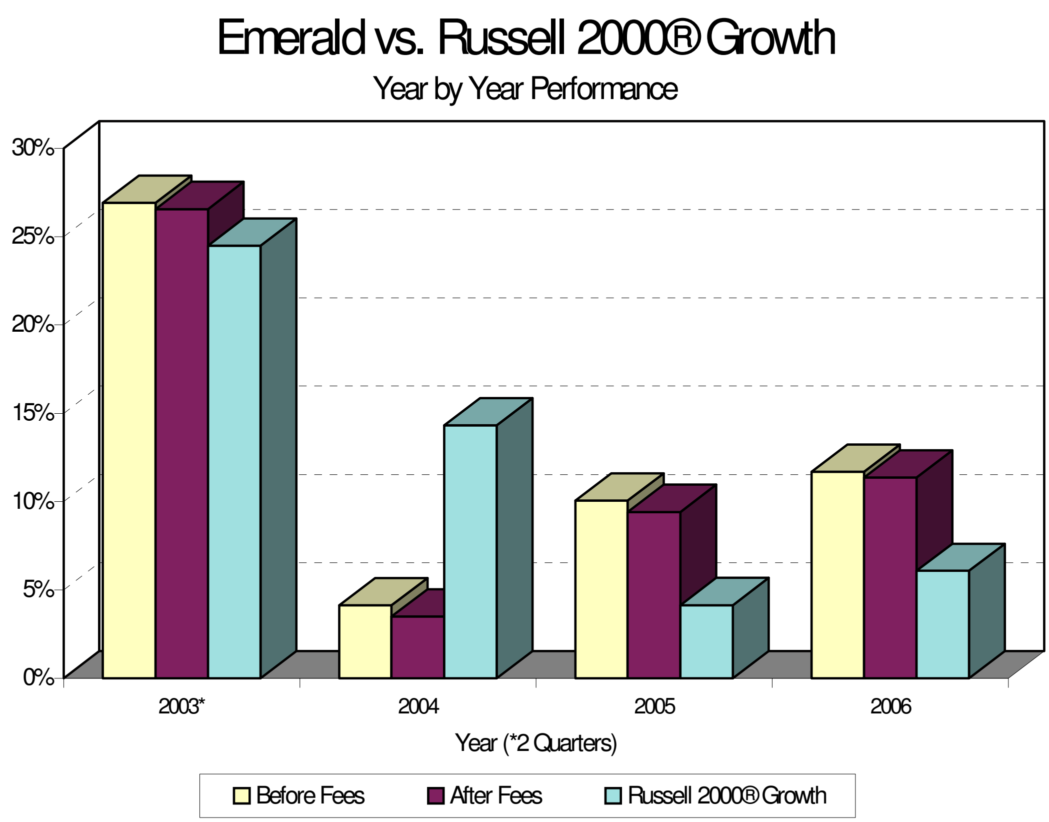
The portfolio (compared to the S&P 500 Index) had a beta of 1.05x and a well below-market yield. It included 28 stocks, concentrated in the large and mid capitalization sectors. Delaware's largest economic sector over-weightings relative to the S&P 500 were in the information technology and consumer discretionary sectors, while the largest under-weightings were in the financials and energy sectors.

Delaware's second quarter performance relative to the S&P 500 Index was hindered both by stock selection and sector allocation decisions. Stock selection helped performance the most in the industrial sector but detracted from performance in the consumer discretionary, financials and health care sectors. Overweighting the information technology sector also had a substantial negative impact on performance. Trading decisions had a small negative impact on performance for the quarter. The top performing holdings included Expeditors International (+30%), Intuit (+14%) and Chicago Mercantile (+10%). The worst performing holdings included XM Satellite Radio (-34%), eBay (-25%) and Moody's (-24%). At the end of the quarter, the largest holdings were Qualcomm Inc (4.9%), Expeditors International (4.9%) and Genentech (4.8%).

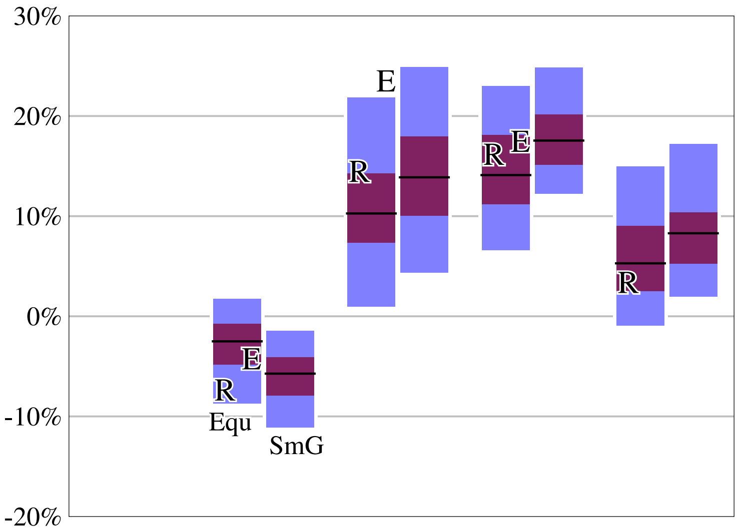
MANAGER COMMENTS – DOMESTIC EQUITY

Emerald





Emerald



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Emerald (E)	-4.2	23.6	17.6	-
Rank v. Equity	*67*	*3*	*28*	-
Rank v. Sm. Gro	*26*	*11*	*52*	-
Ru 2000® Gro (R)	-7.3	14.6	16.3	3.5
Equity Median	-2.5	10.3	14.1	5.3
Sm. Gro Median	-5.7	13.8	17.6	8.3

Portfolio Characteristics	**Emerald**	**Russell 2000®**
Eq Mkt Value ($Mil)	181.73	N/A
Wtd. Avg. Cap ($Bil)	1.53	1.07
Beta	1.48	1.21
Yield (%)	0.15	1.22
P/E Ratio	45.75	30.75
Cash (%)	2.8	0.0
Number of Holdings	124	1,992
Turnover Rate (%)	82.2	-

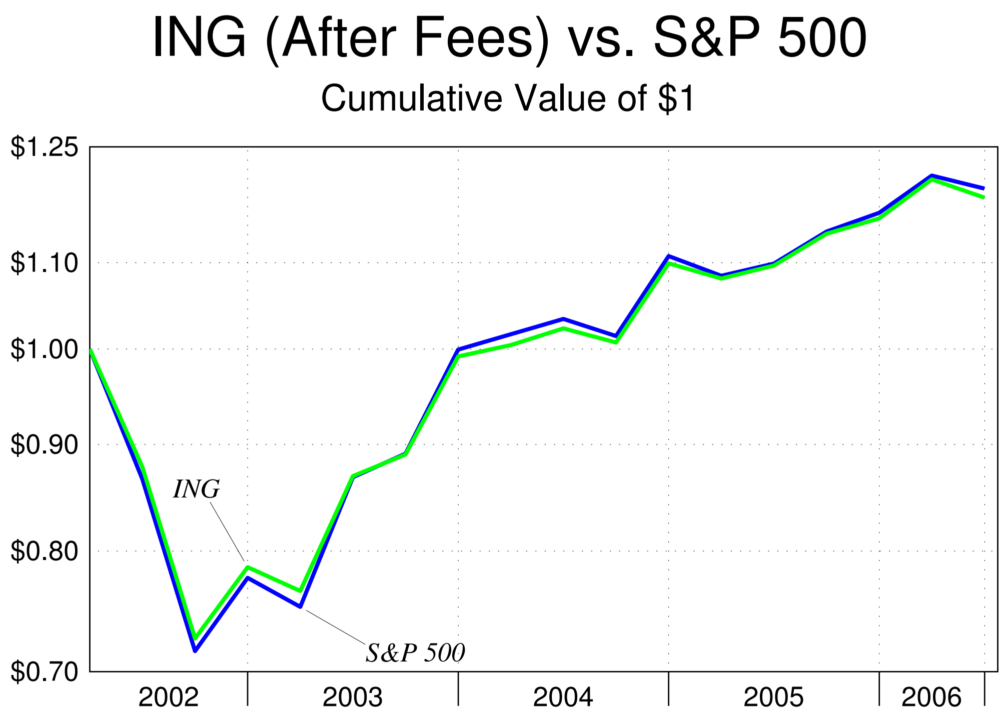
Sector	**Emerald**	**Russell 2000®**
Energy	6.6 %	5.8 %
Materials	3.7	4.4
Industrials	20.5	14.2
Cons. Discretionary	11.9	15.4
Consumer Staples	0.8	2.8
Health Care	18.1	12.2
Financials	4.9	22.1
Info Technology	32.7	18.9
Telecom Services	0.8	1.5
Utilities	0.0	2.7

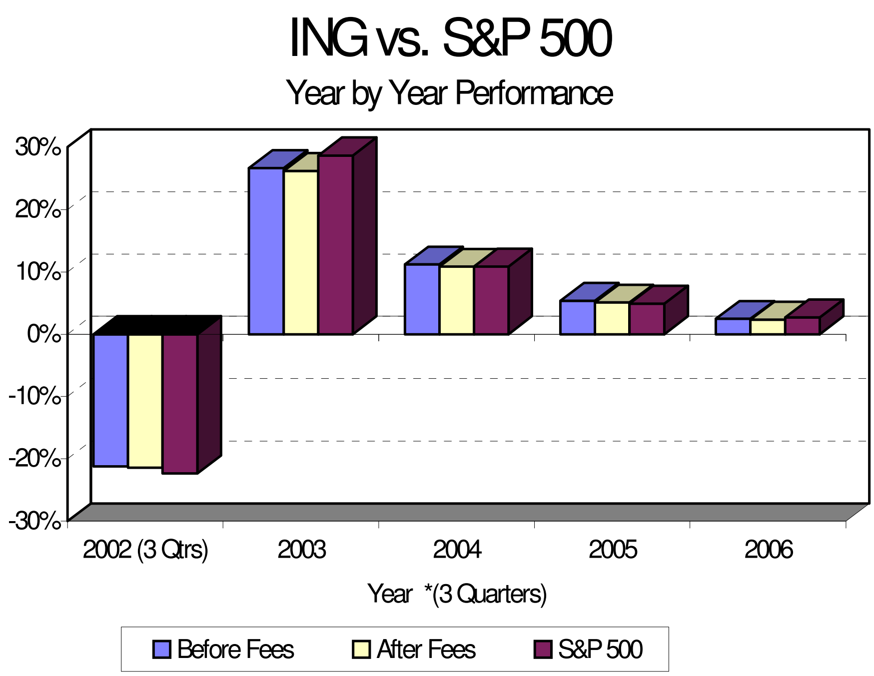
Emerald's return of -4.2% for the second quarter was better than the -7.3% return of the Russell 2000® Growth index and the -5.7% return of the small cap growth median, ranking in the 26th percentile in the universe of small growth equity managers. For the one-year period, Emerald returned 23.6%, well above the 14.6% return of the Russell 2000® Growth and 13.8% return of the small cap growth median. Emerald's one-year performance ranked in the 11th percentile in the universe of small growth equity managers. Over the three year period, Emerald's performance was above the median equity manager. The portfolio exceeded the S&P 500 Index on an absolute basis, but trailed on a risk-adjusted basis (page 36). Emerald is not in compliance with some of CCCERA's performance objectives.

The portfolio has a beta of 1.48x compared to 1.21x for the Russell 2000® Index and has a well below-market yield. It includes 124 stocks, concentrated in the small capitalization sector. Emerald's largest economic sector over-weightings relative to the Russell 2000® are in the information technology, industrials and health care sectors. The largest under-weightings are in the financials and consumer discretionary sectors. Annual portfolio turnover was 82.2%.

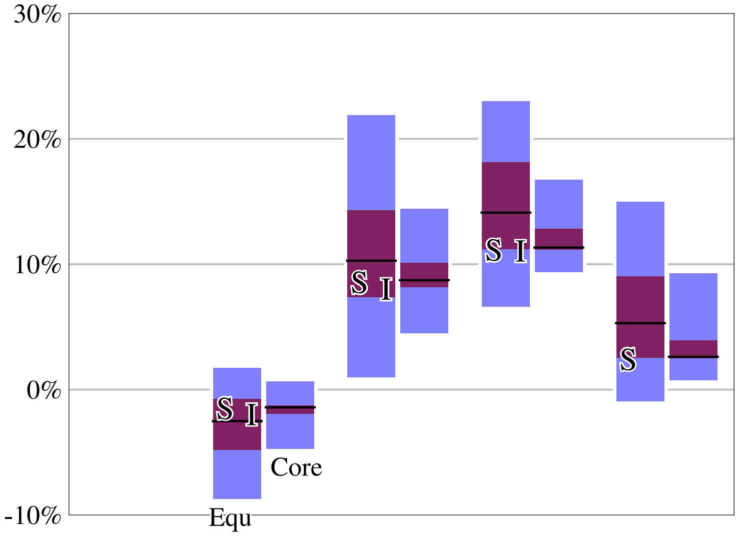
Emerald's second quarter performance relative to the Russell 2000® Growth Index was helped by stock selection decisions but hurt by sector allocation decisions. Stock selection helped the most in the consumer discretionary and information technology sectors. Trading decisions had a large negative impact on performance for the quarter. The top performing holdings included thestreet.com (+70%), Hansen Nat Corp (+51%) and Old Dominion (+39%). The worst performing holdings included Neoware Systems (-59%), Mindspeed Technologies (-39%) and American Science (-38%). At the end of the quarter, the largest holdings were Wesco International (3.4%), Nutri Sys Inc (3.3%) and Airgas Inc (2.6%). Emerald reported that it has a cautiously optimistic outlook for the remainder of 2006. It has attempted to position the portfolio to be able to respond to either future rate hikes and the possibility of recession, or a pause in rate hikes and the resumption of a robust market.

ING Investment Management





ING Investment Management



	Last Qtr	1 Yr	3 Yrs	5 Yrs
ING (I)	-1.9	8.1	11.1	-
Rank v. Equity	*43*	*70*	*77*	-
Rank v. Lg Core	*71*	*76*	*77*	-
S&P 500 (S)	-1.4	8.6	11.2	2.5
Equity Median	-2.5	10.3	14.1	5.3
Lg Core Median	-1.5	8.7	11.3	2.6

Portfolio Characteristics	**ING**	**S&P 500**
Eq Mkt Value ($Mil)	243.56	N/A
Wtd. Avg. Cap ($Bil)	92.80	86.90
Beta	1.01	1.00
Yield (%)	1.84 %	1.93 %
P/E Ratio	16.60	17.28
Cash (%)	0.3 %	0.0 %
Number of Holdings	425	500
Turnover Rate (%)	91.8	-

Sector	**ING**	**S&P 500**
Energy	11.3 %	10.2 %
Materials	2.9	3.1
Industrials	11.4	11.7
Cons. Discretionary	10.7	10.2
Consumer Staples	8.9	9.6
Health Care	11.4	12.3
Financials	21.3	21.4
Info Technology	16.2	14.9
Telecom Services	2.9	3.3
Utilities	3.0	3.4

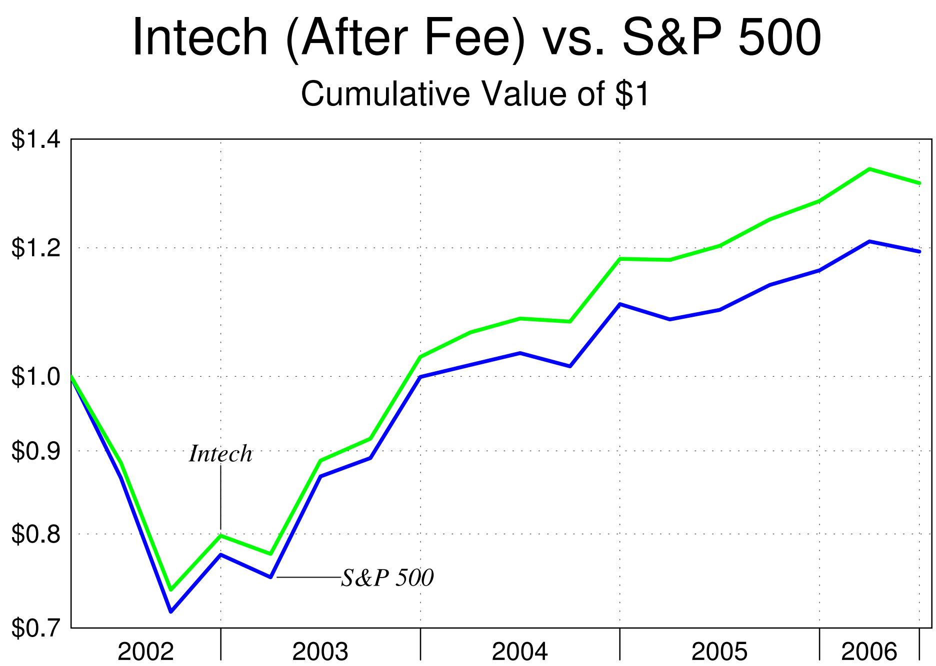
ING's return of -1.9% for the second quarter was below the -1.4% return of the S&P 500 but ranked in the 43rd percentile in the universe of equity managers. For the one-year period, ING returned 8.1%, below 8.6% for the S&P 500. ING also trailed the S&P 500 over the past three years. ING is not in compliance with some of CCCERA's performance objectives. As of June 2005, ING stopped using Innovest's rankings as part of its selection model.

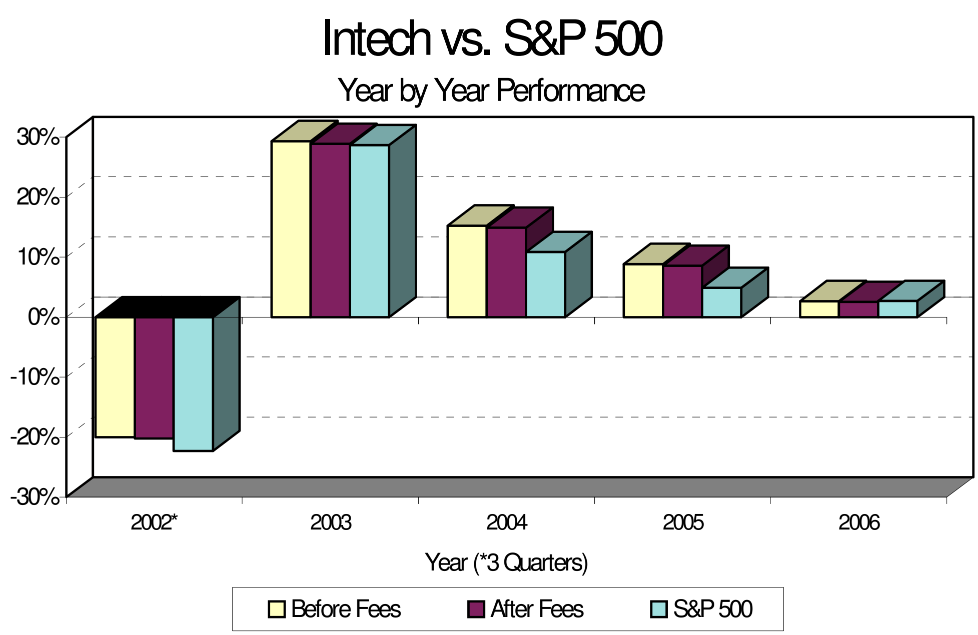
The portfolio had a near market beta, a lower yield and a below-market price/earnings ratio. It included 425 stocks, concentrated in large capitalization sectors. As expected, the portfolio continued to be structured very similarly to the S&P 500. ING's largest economic sector over-weightings were in the information technology and energy sectors, while the largest under-weightings were in the health care and consumer staples sectors. Portfolio turnover was at an annual rate of 91.8% this quarter.

ING's performance for the second quarter relative to the S&P 500 was hurt slightly by both stock selection and sector allocation decisions, although no individual sector had a significant impact. Trading decisions during the quarter had a negative impact on performance. The largest portfolio holdings at the end of the quarter were Exxon Mobil (4.7%), General Electric (2.9%) and Procter & Gamble (2.1%). The best performing holdings during the quarter included Kerr McGee (+45%), General Motors (+41%) and TXU Corp (+35%), while the worst performing holdings included Jabil Circuit (-40%), Broadcom Corp (-30%) and Boston Scientific Co (-27%).

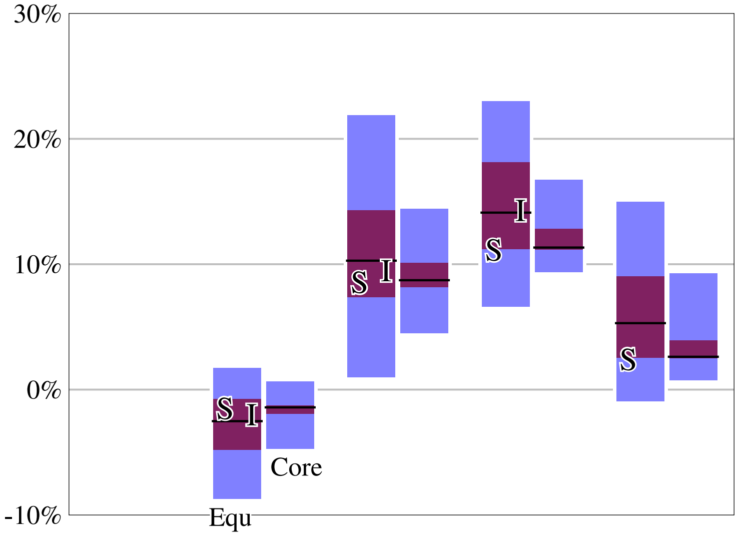
Doug Cote reported that the inefficiency of certain factors, historically successful at identifying outperforming stocks, especially those in the area of market recognition, hurt security selection. At the same time, some of the team's measures like capital expenditure change and relative P/E had a less negative impact on results. He believes the portfolio is positioned to capitalize on high quality companies with superior business momentum, growing earnings and attractive valuations.

Intech


Intech (After Fee) vs. S&P 500
Cumulative Value of $1
$1.4
$1.2
$1.0
$0.9
$0.8
$0.7
Intech
S&P 500
2002
2003
2004
2005
2006


Intech vs. S&P 500
Year by Year Performance
30%
20%
10%
0%
-10%
-20%
-30%
2002*
2003
2004
2005
2006
Year (*3 Quarters)
Before Fees
After Fees
S&P 500

Intech



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Intech (I)	-1.9	9.6	14.4	-
Rank v. Equity	*43*	*55*	*48*	-
Rank v. Lg Core	*72*	*34*	*12*	-
S&P 500 (S)	-1.4	8.6	11.2	2.5
Equity Median	-2.5	10.3	14.1	5.3
Lg Core Median	-1.5	8.7	11.3	2.6

Portfolio Characteristics	**Intech**	**S&P 500**
Eq Mkt Value ($Mil)	242.70	N/A
Wtd. Avg. Cap ($Bil)	63.71	86.90
Beta	0.96	1.00
Yield (%)	1.62 %	1.93 %
P/E Ratio	17.95	17.28
Cash (%)	0.6 %	0.0 %
Number of Holdings	395	500
Turnover Rate (%)	78.1	-

Sector	**Intech**	**S&P 500**
Energy	7.9 %	10.2 %
Materials	1.8	3.1
Industrials	12.2	11.7
Cons. Discretionary	10.3	10.2
Consumer Staples	8.5	9.6
Health Care	14.8	12.3
Financials	24.7	21.4
Info Technology	13.1	14.9
Telecom Services	3.0	3.3
Utilities	3.7	3.4

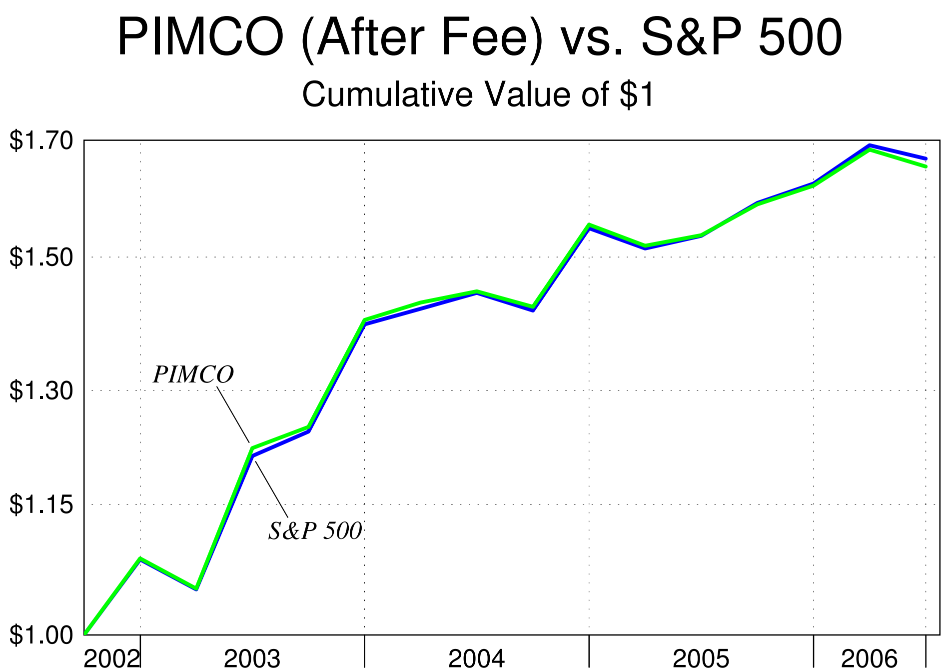
Intech's return of -1.9% for the second quarter trailed the -1.4% return of the S&P 500 but was better than the -2.5% return of the median equity manager, ranking in the 43rd percentile in the universe of equity managers. For the one-year period, Intech returned 9.6%, exceeding 8.6% for the S&P 500 but trailing the 10.3% return of the median equity manager. Over the past three years, Intech returned 14.4%, above the 11.2% return of the S&P 500, and ranked in the 48th percentile of equity managers. Over the past three years, Intech's performance was above the median equity manager and exceeded the S&P 500 on both a risk-adjusted and absolute basis (page 36). Intech is in compliance with CCCERA's performance objectives.

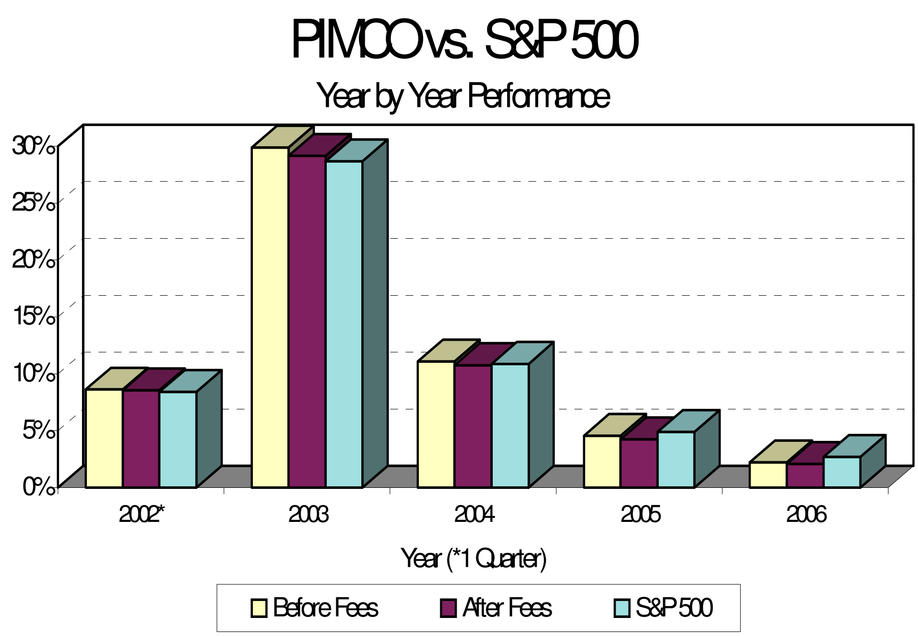
Intech uses a mathematical, quantitative approach to managing funds. The portfolio has a below-market beta of 0.96x, a lower yield and a slightly above-market P/E ratio. The portfolio has 395 holdings concentrated in large capitalization sectors, and shows similar-to-market growth. The largest economic sector over-weightings were in the financials and health care sectors, while largest under-weightings were in the energy and information technology sectors. Second quarter portfolio turnover was at an annual rate of 78.1%.

Intech's second quarter performance relative to the S&P 500 was hurt by stock selection but helped to a lesser extent by sector allocation decisions. The impact from active trading decisions was negative. Stock selection in the health care sector hurt performance the most during the quarter. The best performing portfolio stocks included Kerr McGee (+45%), Officemax (+36%), and TXU Corp (+35%), while the worst performing holdings during the quarter included Jabil Circuit (-40%), ADC Telecommunications (-34%) and Broadcom Corp (-30%).

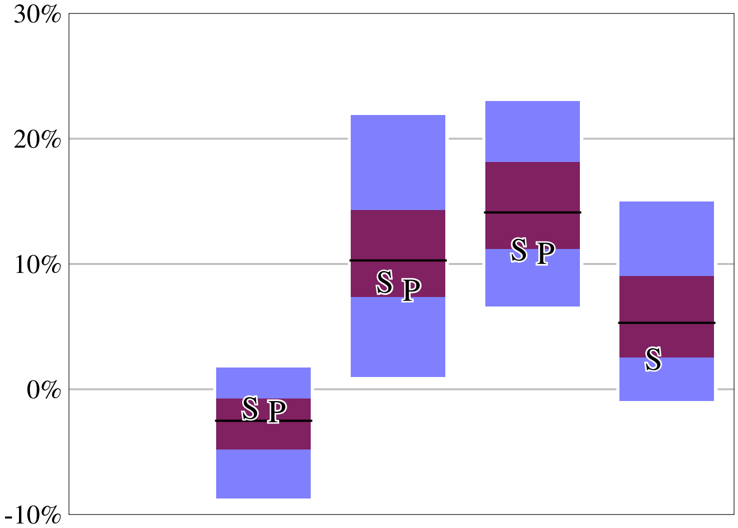
MANAGER COMMENTS – DOMESTIC EQUITY

PIMCO





PIMCO



	Last Qtr	1 Yr	3 Yrs	5 Yrs
PIMCO (P)	-1.7	8.0	10.9	-
Rank v. Equity	*40*	*71*	*79*	-
S&P 500 (S)	-1.4	8.6	11.2	2.5
Equity Median	-2.5	10.3	14.1	5.3

Portfolio Characteristics	**PIMCO**	**S&P 500**
Eq Mkt Value ($Mil)	236.4	N/A
Wtd. Avg. Cap ($Bil)	*	86.90
Beta	*	1.00
Yield (%)	* %	1.93 %
P/E Ratio	*	17.28
Cash (%)	15.4 %	0.0 %
Number of Holdings	*	500
Turnover Rate (%)	941.1	-

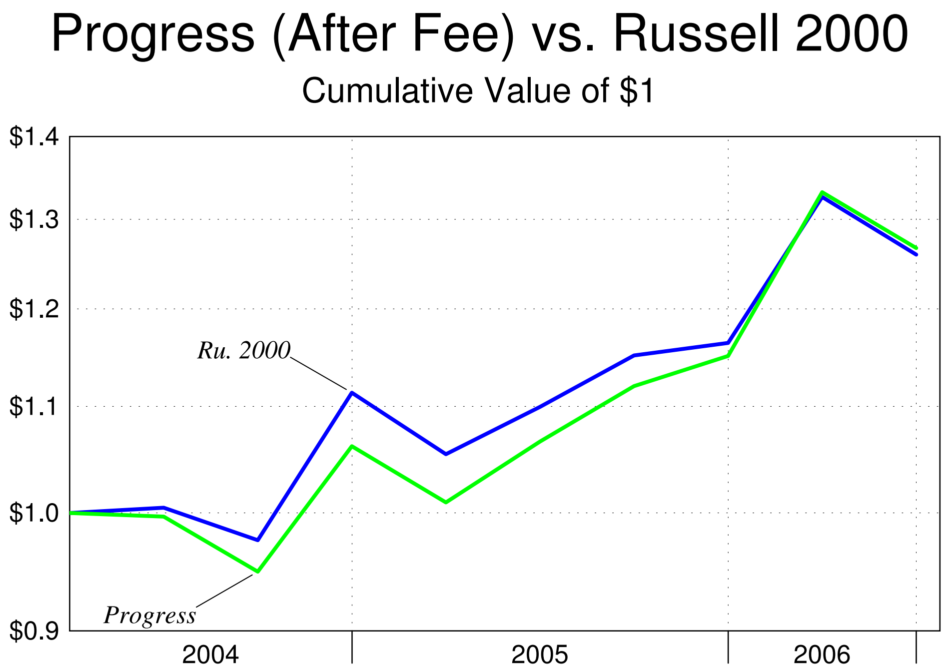
Sector	**PIMCO**	**S&P 500**
Energy	* %	10.2 %
Materials	*	3.1
Industrials	*	11.7
Cons. Discretionary	*	10.2
Consumer Staples	*	9.6
Health Care	*	12.3
Financials	*	21.4
Info Technology	*	14.9
Telecom Services	*	3.3
Utilities	*	3.4

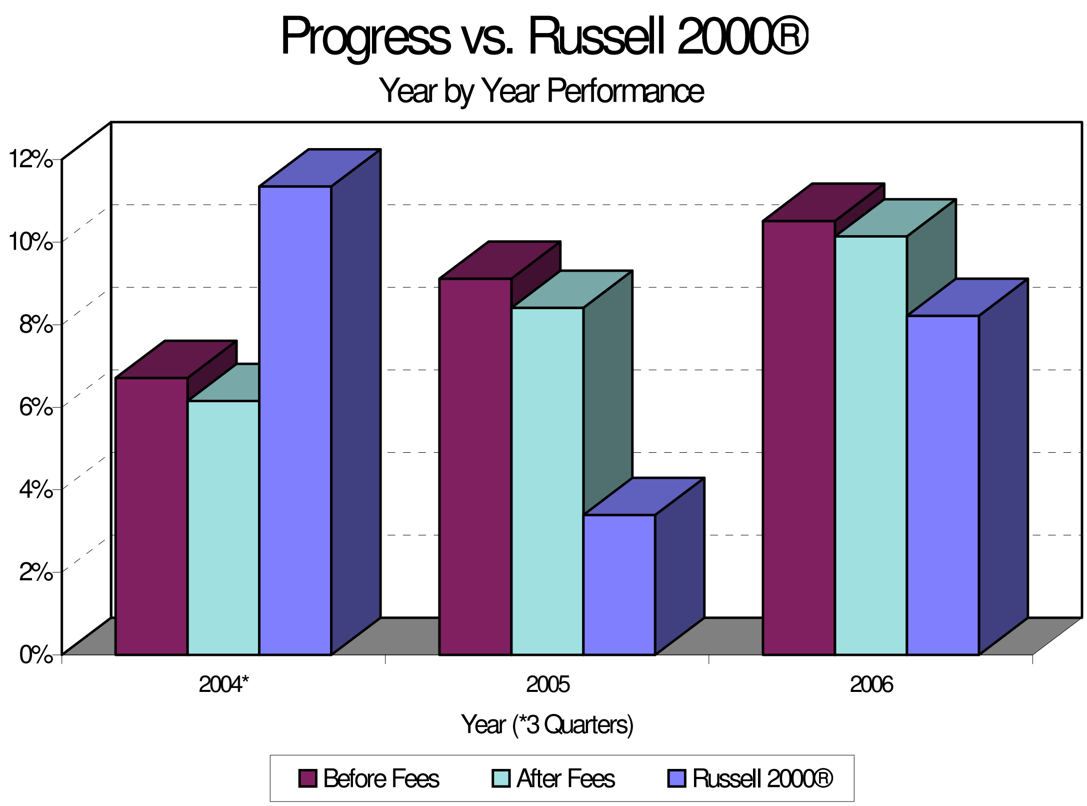
*PIMCO manages a synthetic equity portfolio and does not hold any equity securities.

PIMCO's Stocks Plus (futures plus cash) portfolio returned -1.7% for the second quarter, slightly trailing the -1.4% return of the S&P 500 but better than the -2.5% return of the median equity manager. For the one-year period, PIMCO returned 8.0%, below the 8.6% return of the S&P 500 (and the 10.3% return of the median equity manager). Over the past three years, the portfolio return of 10.9% trailed the 11.2% return of the S&P 500. The portfolio has not met the objective of exceeding the S&P 500 over the past three years.

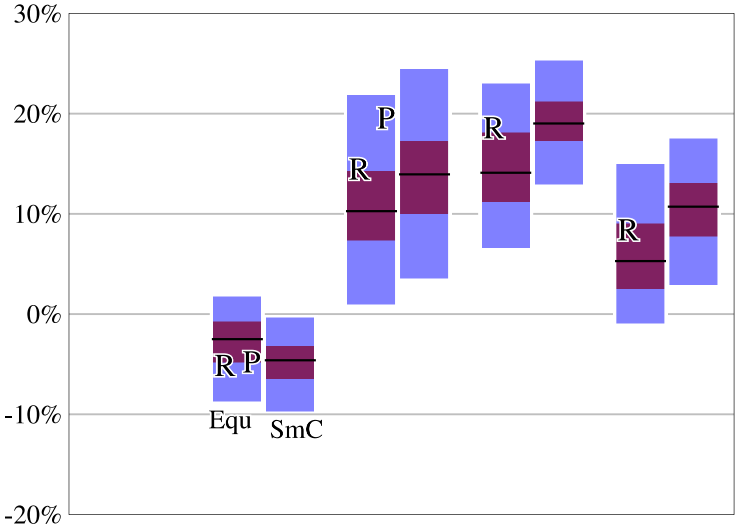
The second quarter was a challenging environment for Stocks Plus; most U.S. bonds underperformed money market instruments as rates and risk premiums increased Several strategies detracted from quarterly returns, including U.S. duration exposure, which was focused on short maturities where rates increased the most. A yield curve steepening bias hurt returns as the yield curve flattened. Modest exposure to corporate bonds also hurt as credit premiums widened as risk appetites abated. Bright spots included: outperformance in the mortgage sector versus Treasuries; written option strategies, which provided additional yield; positions in non-U.S. securities that are designed to benefit from rising yields in Europe; and asset-backed holdings, which modestly boosted returns primarily due to their yield advantage.

Progress


Progress (After Fee) vs. Russell 2000
Cumulative Value of $1
$1.4
$1.3
$1.2
$1.1
$1.0
$0.9
Ru. 2000
Progress
2004
2005
2006


Progress vs. Russell 2000®
Year by Year Performance
12%
10%
8%
6%
4%
2%
0%
2004*
2005
2006
Year (*3 Quarters)
Before Fees
After Fees
Russell 2000®

Progress



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Progress (P)	-4.7	19.7	-	-
Rank v. Equity	*73*	*7*	-	-
Rank v. Small Cap	*50*	*16*	-	-
Russell 2000® (R)	-5.0	14.6	18.7	8.5
Equity Median	-2.5	10.3	14.1	5.3
Small Cap Median	-4.7	13.9	19.0	10.7

Portfolio Characteristics	**Progress**	**Russell 2000®**
Eq Mkt Value ($Mil)	47.98	N/A
Wtd. Avg. Cap ($Bil)	2.03	1.07
Beta	1.30	1.21
Yield (%)	0.75 %	1.22 %
P/E Ratio	31.03	30.75
Cash (%)	0.0 %	0.0 %
Number of Holdings	534	1,992
Turnover Rate (%)	0.7	-

Sector	**Progress**	**Russell 2000®**
Energy	6.5 %	5.8 %
Materials	4.0	4.4
Industrials	14.2	14.2
Cons. Discretionary	17.7	15.4
Consumer Staples	4.1	2.8
Health Care	9.8	12.2
Financials	24.0	22.1
Info Technology	16.4	18.9
Telecom Services	1.4	1.5
Utilities	2.0	2.7

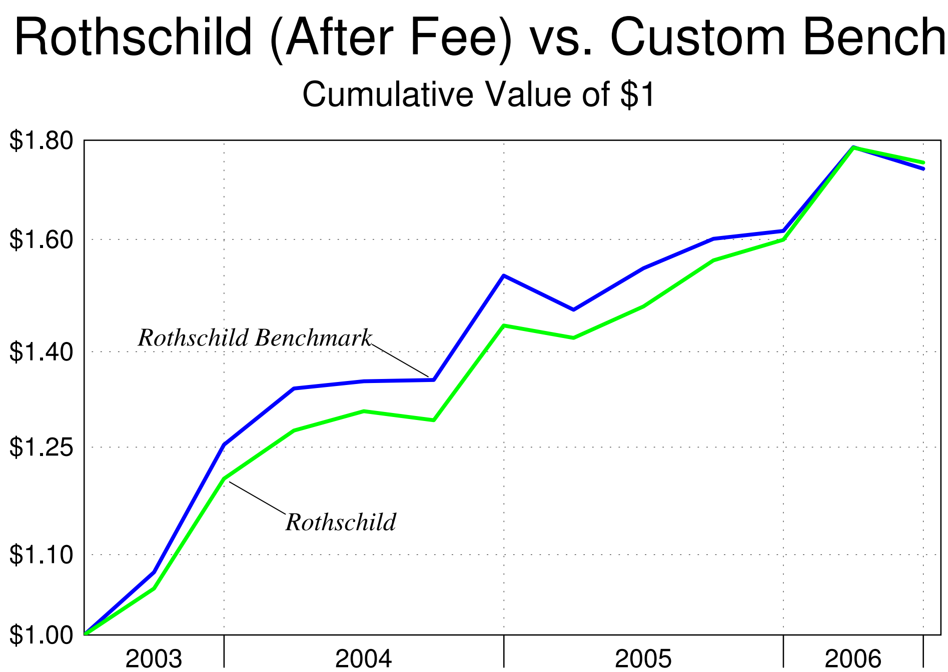
Progress, a manager of emerging managers that invest in small capitalization stocks, returned -4.7% for the second quarter, better than the -5.0% return of the Russell 2000® Index and matched the -4.7% return of the small cap median. Progress' second quarter performance ranked in the 50th percentile of small capitalization equity managers. Over the past year, Progress has returned 19.7%, above the 14.6% return of the Russell 2000® Index, and ranked in the 16th percentile of small cap equity managers.

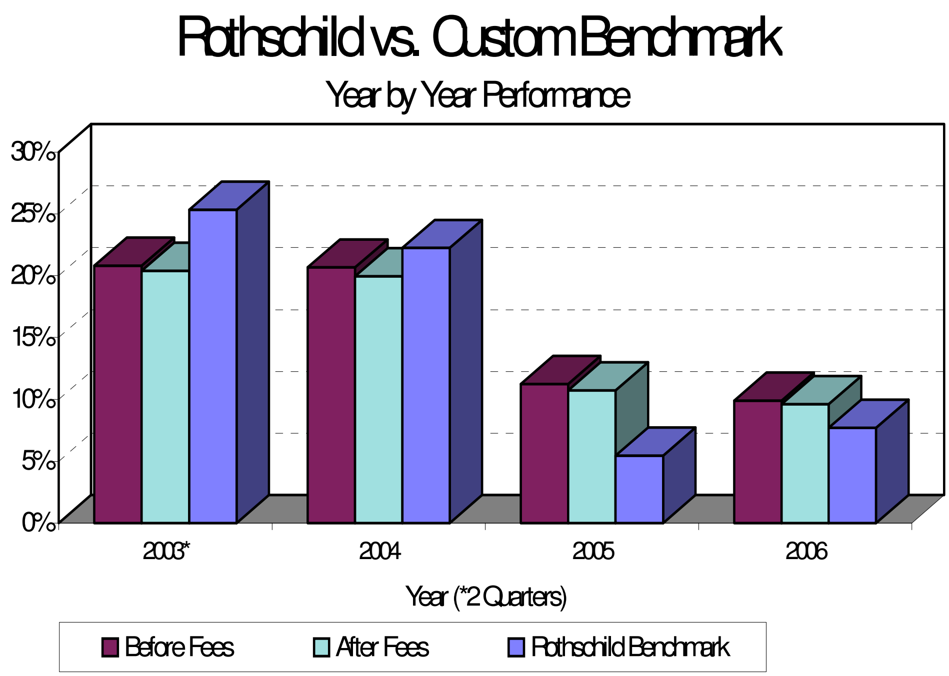
The portfolio had a beta of 1.30x compared to 1.21x for the Russell 2000® Index, a below-market yield and an above-market P/E ratio. It included 534 stocks, concentrated in the small and mid capitalization sectors. Progress' largest economic sector over-weightings relative to the Russell 2000® were in the consumer discretionary and financials sectors, while the largest under-weightings were in the information technology and health care sectors.

The portfolio's second quarter performance was helped relative to the Russell 2000® by stock selection decisions as well as sector allocation decisions to a lesser degree. Stock selection in the consumer staples and consumer discretionary sectors had the largest positive impacts on second quarter performance. Aggregate trading decisions had a large negative impact on performance. The largest holdings at the end of the quarter were Hansen Nat Corp (1.7%), Nutri Sys Inc (1.5%) and Investment Technology (1.3%). During the quarter, the best performing holdings included Medifast Inc (+94%), Daktronics (+59%) and Sierra Wireless Inc (+54%). The worst performing holdings included Bookham Inc (-65%), Portalplayer Inc (-56%) and Jos A Bank Clothiers (-50%).

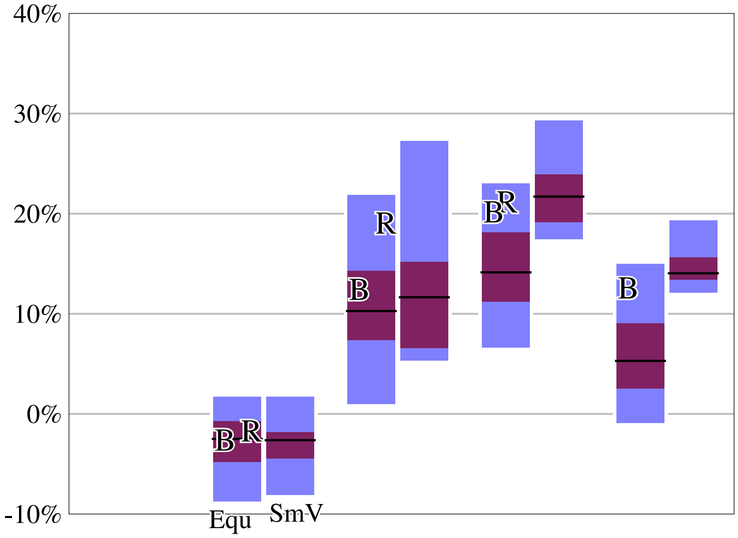
MANAGER COMMENTS – DOMESTIC EQUITY

Rothschild





Rothschild



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Rothschild (R)	-1.6	19.2	21.3	-
Rank v. Equity	*39*	*7*	*9*	-
Rank v. Sm. Value	*23*	*9*	*61*	-
Custom Bench (B)	-2.5	12.5	20.3	12.7
Equity Median	-2.5	10.3	14.1	5.3
Sm. Value Median	-2.7	11.6	21.7	14.0

Portfolio Characteristics	**Rothschild**	**Russell 2500™**
Eq Mkt Value ($Mil)	177.52	N/A
Wtd. Avg. Cap ($Bil)	2.51	2.26
Beta	1.07	1.13
Yield (%)	1.36 %	1.34 %
P/E Ratio	23.10	26.68
Cash (%)	2.0 %	0.0 %
Number of Holdings	143	2,488
Turnover Rate (%)	72.4	-

Sector	**Rothschild**	**Russell 2500™**
Energy	6.4 %	6.0 %
Materials	6.0	5.9
Industrials	15.1	13.7
Cons. Discretionary	10.1	15.4
Consumer Staples	2.6	3.1
Health Care	7.1	11.4
Financials	30.9	22.1
Info Technology	13.6	15.7
Telecom Services	1.5	1.7
Utilities	6.7	5.0

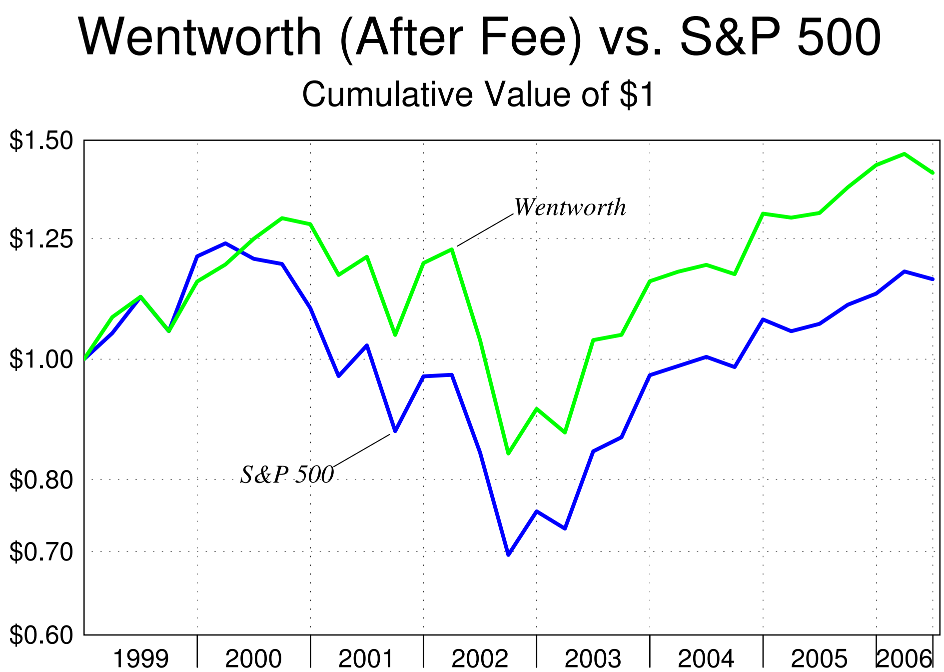
Rothschild's return of -1.6% for the second quarter was better than the -2.5% return of the custom benchmark (Russell 2000® Value index through 2nd quarter, 2005, Russell 2500™ Value thereafter) and better than the -2.7% return of the small cap value median, ranking in the 23rd percentile in the universe of small value equity managers. For the one-year period, Rothschild returned 19.2%, exceeding the custom benchmark return of 12.5% and the 11.6% return of the median small value equity manager. Rothschild's one-year performance ranks in the 9th percentile in the universe of small cap value equity managers. Over the past three years, Rothschild has exceeded the S&P 500 on both an absolute and risk-adjusted basis (see page 36). This portfolio is in compliance with the CCCERA performance objectives.

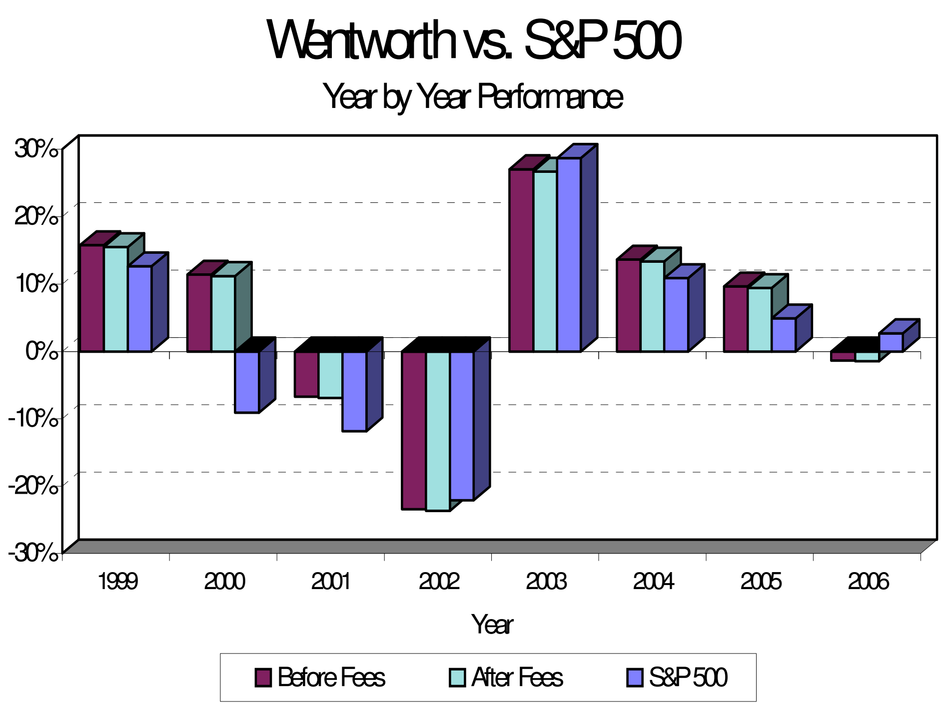
The portfolio (compared to the Russell 2500™ Index) had a beta of 1.07x versus 1.13x for the Index, a slightly above-index yield and a below index P/E ratio. It included 143 stocks, concentrated in the small and mid capitalization sectors. Rothschild's largest economic sector over-weightings relative to the Russell 2500™ were in the financials, utilities and industrials sectors, while the largest under-weightings were in the consumer discretionary and health care sectors. Second quarter portfolio turnover was at an annual rate of 72.4%, down from last quarter's rate of 83.7%.

Rothschild's second quarter performance relative to the Russell 2500™ Value index was helped by stock selection decisions but hurt to a lesser extent by sector allocation decisions. Trading decisions had a small negative impact on performance. Stock selection in the information technology and energy sectors helped performance the most during the second quarter. The best performing portfolio stocks were Holly Corp (+30%), World Accep Corp (+30%) and Superior Energy Services (+27%). The worst performing holdings included Intergraph Corp (-24%), Teleflex Inc (-24%) and Isle of Carpis Casino (-23%).

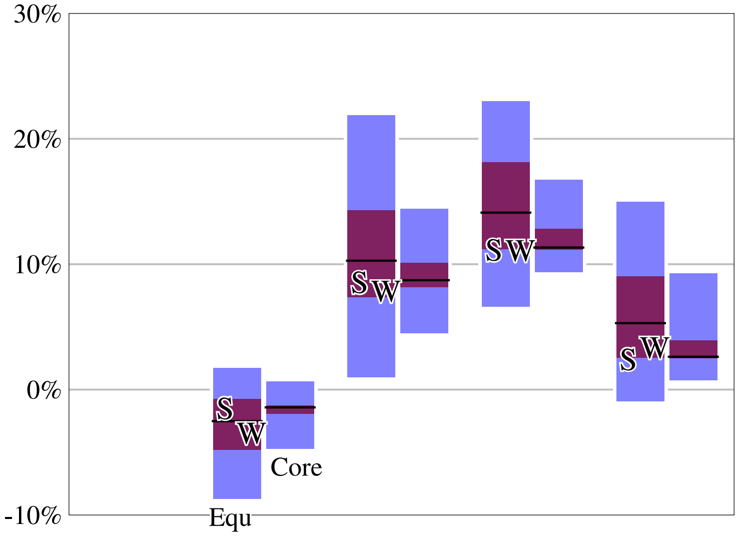
MANAGER COMMENTS – DOMESTIC EQUITY

Wentworth, Hauser and Violich





Wentworth, Hauser and Violich



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Wentworth (W)	-3.4	7.9	11.1	3.4
Rank v. Equity	*59*	*71*	*76*	*62*
Rank v. Lg Core	*90*	*77*	*77*	*30*
S&P 500 (S)	-1.4	8.6	11.2	2.5
Equity Median	-2.5	10.3	14.1	5.3
Lg Core Median	-1.5	8.7	11.3	2.6

Portfolio Characteristics	**Wentworth**	**S&P 500**
Eq Mkt Value ($Mil)	233.78	N/A
Wtd. Avg. Cap ($Bil)	69.07	86.90
Beta	1.04	1.00
Yield (%)	1.45	1.93
P/E Ratio	16.86	17.28
Cash (%)	1.7	0.0
Number of Holdings	38	500
Turnover Rate (%)	44.0	-

Sector	**Wentworth**	**S&P 500**
Energy	15.6 %	10.2 %
Materials	0.0	3.1
Industrials	16.4	11.7
Cons. Discretionary	12.2	10.2
Consumer Staples	11.2	9.6
Health Care	16.8	12.3
Financials	20.3	21.4
Info Technology	7.5	14.9
Telecom Services	0.0	3.3
Utilities	0.0	3.4

Wentworth's return of -3.4% for the second quarter was below the -1.4% return of the S&P 500 and the -2.5% return of the median equity manager. For the one-year period, Wentworth returned 7.9%, trailing the 8.6% return of the S&P 500 and the 10.3% return of the median manager. Wentworth has trailed the S&P 500 on an absolute and risk-adjusted basis over the past three years (page 36) but has exceeded the S&P 500 on both an absolute and risk-adjusted basis over the past five years. It has not met the objectives of exceeding the median equity manager over the three and five year periods, but it has exceeded the median large core manager over the past five years.

The portfolio has an above-market beta of 1.04x, a below-market yield and a below-market P/E ratio. The portfolio has 38 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weightings are in the energy, industrials and health care sectors, while largest under-weightings are in the information technology, utilities and telecom services sectors. Second quarter portfolio turnover was at an annual rate of 44.0%, up from last quarter’s rate of 29.4%.

Wentworth’s second quarter performance relative to the S&P 500 was hurt by stock selection decisions but helped to a lesser degree by sector allocation decisions. Stock selection in the consumer discretionary and health care sectors was particularly weak. The best performing portfolio stocks included Weatherford International (+8%), BJ Services (+8%) and Bank of America Corp (+7%) while the worst performing holdings included Chicos (-34%), Teleflex Inc (-24%) and Teva Pharmaceutical (-23%). At the end of the quarter, the three largest holdings were Schlumberger Inc, Parker Hannifin and XTO Energy.

Domestic Equity Regression Analysis

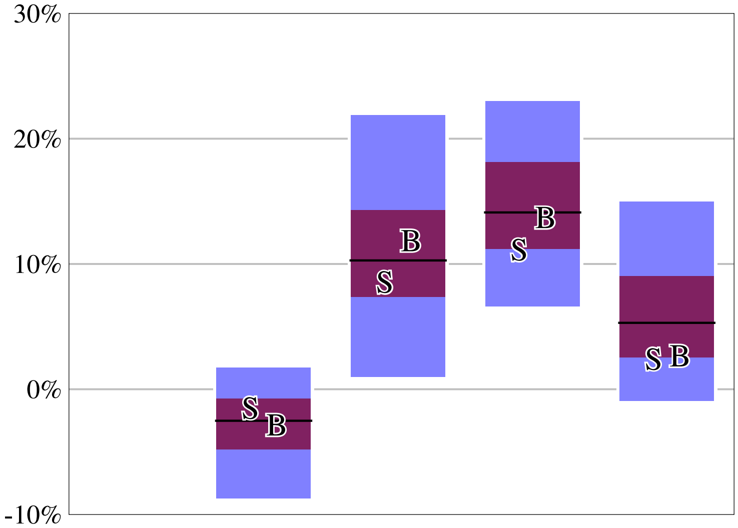
Three Year Regression for Periods Ending June 30, 2006
T-Bills and S&P 500 used for Regression Calculations

Portfolio Component	Return	Standard Deviation	Alpha	Beta	R^2	Sharpe
T-Bill	2.31	0.64				
S&P 500	11.20	8.13				1.09
Boston Partners	16.34	8.14	5.19	0.94	0.88	1.72
Emerald	17.56	16.73	0.44	1.62	0.70	0.91
ING	11.12	7.83	0.24	0.96	0.99	1.13
Intech	14.36	7.57	3.46	0.93	0.97	1.59
Pimco	10.91	8.18	-0.30	1.01	1.00	1.05
Rothschild	21.25	10.11	7.79	1.14	0.87	1.87
Wentworth	11.14	8.74	-0.08	1.00	0.88	1.01
Total Equity	13.79	9.03	1.62	1.08	0.97	1.27
Ru 1000® Value	15.68	8.12	4.49	0.95	0.90	1.65
Ru 1000® Growth	8.36	9.50	-3.37	1.10	0.91	0.64
Ru 2000®	18.69	14.15	2.63	1.47	0.77	1.16

Five Year Regression for Periods Ending June 30, 2006
T-Bills and S&P 500 used for Regression Calculations

Portfolio Component	Return	Standard Deviation	Alpha	Beta	R^2	Sharpe
T-Bill	2.20	0.59				
S&P 500	2.48	18.66				0.02
Boston Partners	7.27	17.30	4.70	0.91	0.96	0.29
Wentworth	3.41	20.71	0.88	1.08	0.97	0.06
Total Equity	2.74	21.27	0.22	1.12	0.98	0.03
Ru 1000® Value	6.89	17.91	4.32	0.93	0.94	0.26
Ru 1000® Growth	-0.76	21.44	-3.19	1.10	0.94	-0.14
Ru 2000®	8.49	26.39	5.78	1.29	0.90	0.24

Total Domestic Equity



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Total Equity (B)	-2.8	11.9	13.8	2.7
Rank	*52*	*39*	*52*	*70*
S&P 500 (S)	-1.4	8.6	11.2	2.5
Equity Median	-2.5	10.3	14.1	5.3

Portfolio Characteristics	**Total Fund**	**S&P 500**
Eq Mkt Value ($Mil)	1,939.58	N/A
Wtd. Avg. Cap ($Bil)	56.38	86.90
Beta	1.07	1.00
Yield (%)	1.36 %	1.93 %
P/E Ratio	22.80	17.28
Cash (%)	3.2 %	0.0 %
Number of Holdings	1,212	500
Turnover Rate (%)	170.8	-

Sector	**Total Fund**	**S&P 500**
Energy	9.3 %	10.2 %
Materials	2.7	3.1
Industrials	12.5	11.7
Cons. Discretionary	12.8	10.2
Consumer Staples	6.9	9.6
Health Care	13.0	12.3
Financials	20.5	21.4
Info Technology	17.8	14.9
Telecom Services	2.4	3.3
Utilities	2.0	3.4

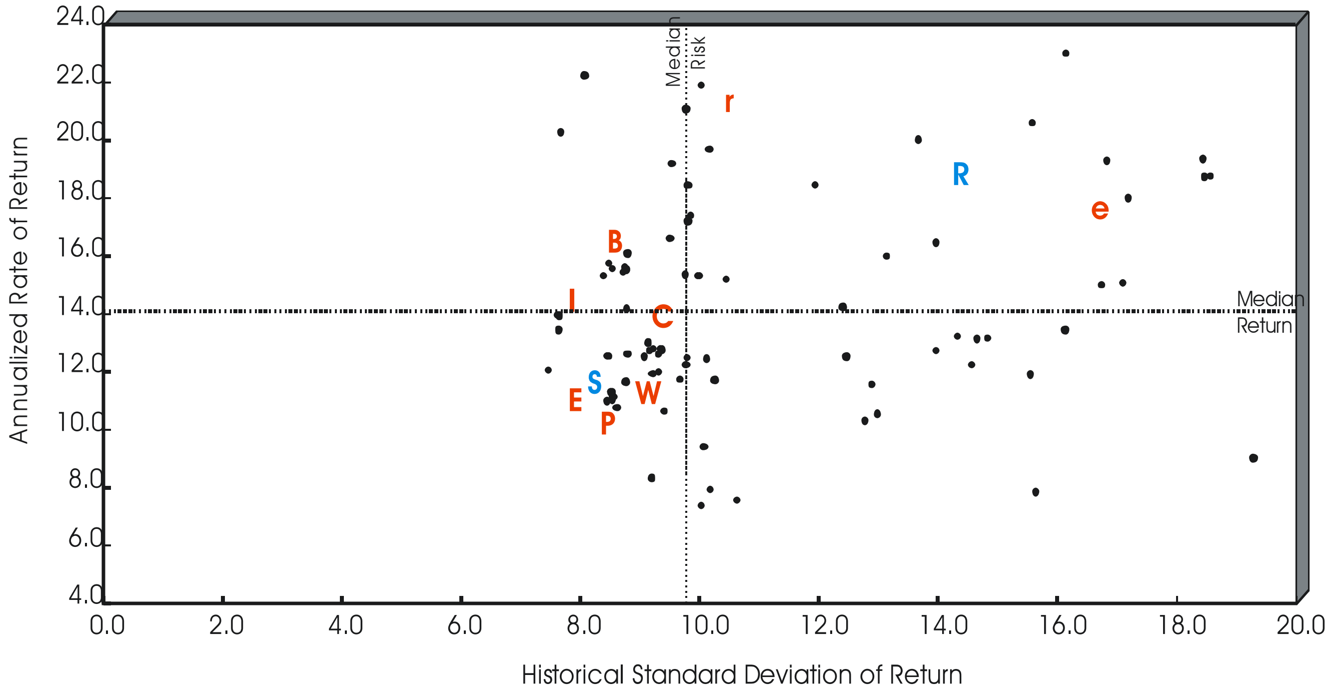
CCCERA total domestic equities returned -2.8% in the second quarter, trailing the -1.4% return of the S&P 500 and the -2.5% return of the median equity manager. For the one-year period, the CCCERA equity return of 11.9% was above 8.6% for the S&P 500 and 10.3% return of the median manager. For the three and five-year periods, CCCERA domestic equities have exceeded the S&P 500 on an absolute and risk-adjusted basis (page 36).

The combined domestic equity portfolio has a beta of 1.07x, a below-market yield and an above-market P/E ratio. The portfolio is broadly diversified with 1,212 stocks, and resembles the broad market with an R^2 of 0.92 to the S&P 500. The combined portfolio's largest economic sector over-weightings are in the information technology and consumer discretionary sectors, while the largest under-weightings are in the consumer staples and utilities sectors.

MANAGER COMMENTS – DOMESTIC EQUITY

Domestic Equity Performance and Variability

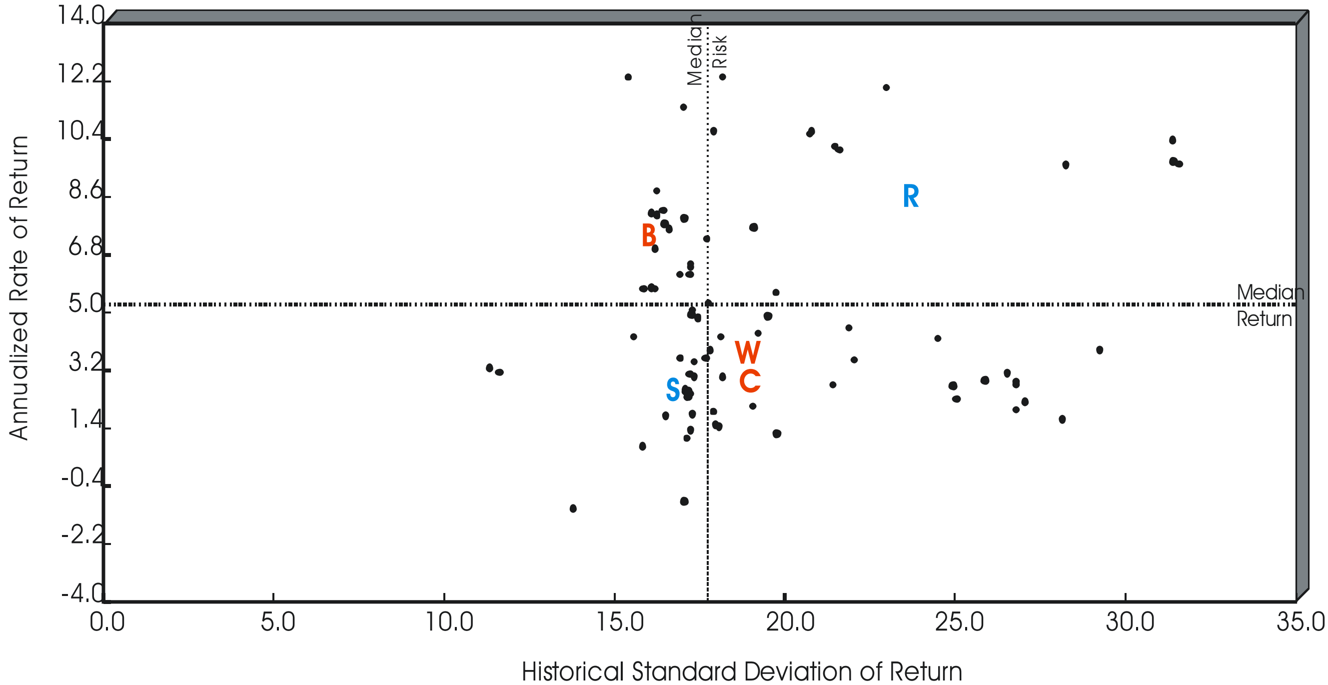
Three Years Ending June 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
B	Boston Partners	16.35	35	8.67	29
e	Emerald Advisors	17.56	28	16.80	95
E	ING Investment Mgmt	11.13	77	8.22	12
I	Intech	14.36	48	8.02	9
P	PIMCO #433	10.92	79	8.59	27
r	Rothschild Asset Management	21.25	9	10.65	61
W	Wentworth, Hauser & Violich	11.14	76	9.15	40
C	Domestic Equity	13.79	52	9.43	46
S	Standard & Poors 500	11.21	74	8.56	25
R	Russell 2000	18.69	21	14.46	87
	Median	14.10		9.77	

Domestic Equity Performance and Variability

Five Years Ending June 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
B	Boston Partners	7.27	37	16.16	20
W	Wentworth, Hauser & Violich	3.41	62	19.01	65
C	Domestic Equity	2.74	70	19.07	66
S	Standard & Poors 500	2.48	78	17.17	41
R	Russell 2000	8.50	28	23.87	88
	Median	5.26		17.72	

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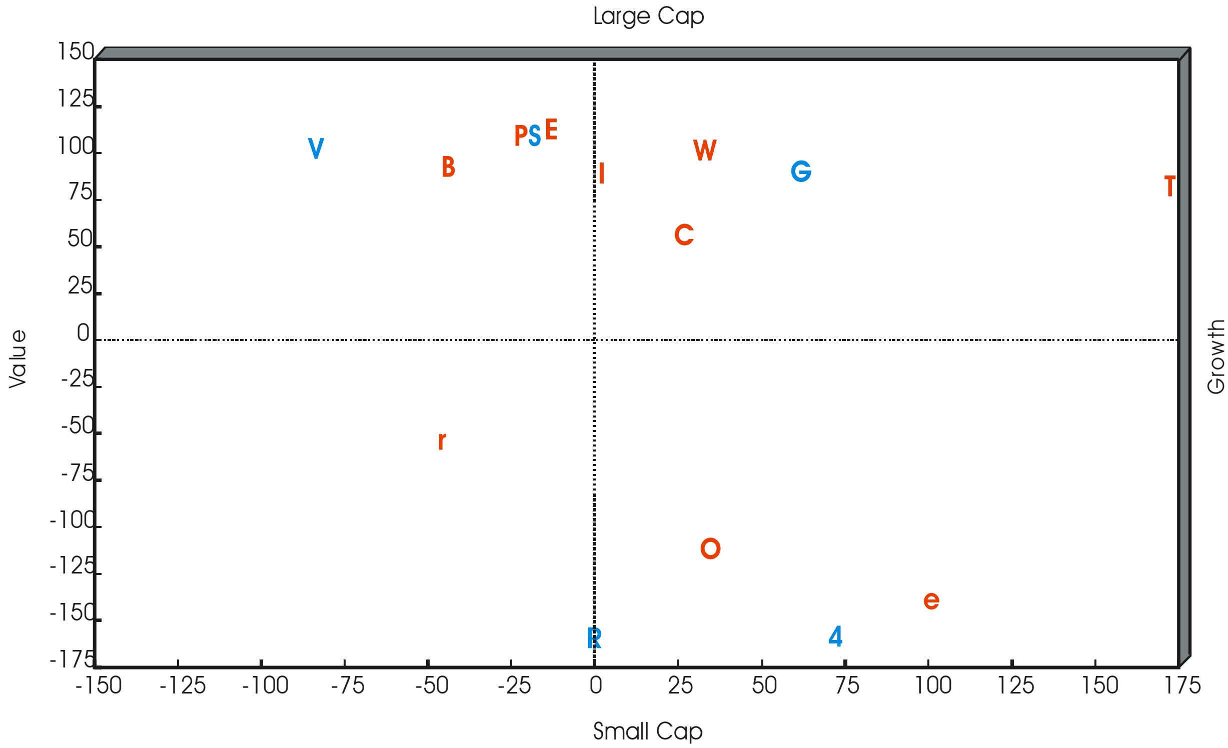
Domestic Equity Style Map

As of June 30, 2006



		Growth-Value	Size
B	Boston Partners	-42.33	90.43
T	Delaware	174.39	80.30
e	Emerald Advisors	102.06	-140.33
E	ING Investment Mgmt	-13.08	111.01
I	Intech	4.50	87.40
P	PIMCO #433	-16.28	107.37
O	Progress Investment Mgmt Co	35.44	-113.64
r	Rothschild Asset Management	-43.16	-55.49
W	Wentworth, Hauser & Violich	33.07	99.25
C	Domestic Equity	27.59	54.50
S	Standard & Poors 500	-16.28	107.37
G	Russell 1000 Growth	62.57	88.08
V	Russell 1000 Value	-82.27	100.72
R	Russell 2000	1.45	-160.91
4	Russell 2000 Growth	73.42	-160.88
5	Russell 2000 Value	-67.54	-160.94
6	Russell 3000	-7.46	71.31

PORTFOLIO PROFILE REPORT

	PIMCO/ S&P 500 Cap Wtd 6/30/2006	Russell 3000® 6/30/2006	Russell 2500™ 6/30/2006	Russell 2000® 6/30/2006	ING 6/30/2006	Delaware 6/30/2006	Boston 6/30/2006
Equity Market Value	236,361,310				243,556,300	286,653,776	289,312,501
Beta	1.00	1.02	1.13	1.21	1.01	1.05	1.04
Yield	1.93	1.79	1.34	1.22	1.84	0.69	1.75
P/E Ratio	17.28	18.64	26.68	30.75	16.60	32.59	15.76
Standard Error	0.00	1.27	4.35	5.36	0.91	4.02	2.24
R^2	1.00	0.97	0.74	0.69	0.98	0.74	0.91
Wtd Cap Size ($Mil)	86,897.64	70,150.24	2,258.41	1,066.35	92,803.3	45,403.2	71,763.48
Avg Cap Size ($Mil)	12,047.64	1,075.83	804.05	602.53	13,229.6	16,558.8	16,157.78
Number of Holdings	500	2,986	2,488	1,992	425	28	82
Economic Sectors							
Energy	10.20	9.02	6.00	5.84	11.33	0.00	16.06
Materials	3.06	3.37	5.88	4.37	2.90	3.58	1.34
Industrials	11.68	11.59	13.72	14.20	11.39	9.20	7.74
Consumer Discretionary	10.18	11.45	15.36	15.43	10.74	17.77	15.62
Consumer Staples	9.62	8.32	3.10	2.78	8.90	11.54	0.82
Health Care	12.27	12.42	11.44	12.18	11.38	15.22	9.24
Financials	21.43	21.89	22.09	22.08	21.25	6.70	32.40
Information Technology	14.85	15.08	15.69	18.93	16.16	33.20	12.38
Telecom. Services	3.33	3.16	1.69	1.48	2.90	2.79	3.90
Utilities	3.38	3.71	5.02	2.72	3.04	0.00	0.50

PORTFOLIO PROFILE REPORT

	Emerald 6/30/2006	Intech 6/30/2006	Progress 6/30/2006	Rothschild 6/30/2006	Wentworth 6/30/2006	Combined Equity 6/30/2006
Equity Market Value	181,731,723	242,699,048	47,977,959	177,516,169	233,775,146	1,939,583,932
Beta	1.48	0.96	1.30	1.07	1.04	1.07
Yield	0.15	1.62	0.75	1.36	1.45	1.36
P/E Ratio	45.75	17.95	31.03	23.10	16.86	22.80
Standard Error	7.75	1.29	6.16	4.78	2.67	2.11
R^2	0.59	0.96	0.63	0.66	0.88	0.93
Wtd Cap Size ($Mil)	1,525.35	63,710.25	2,027.86	2,505.39	69,069.26	56,376.77
Avg Cap Size ($Mil)	825.53	14,082.85	1,264.21	1,816.48	49,966.18	16,046.17
Number of Holdings	124	395	534	143	38	1,212
Economic Sectors						
Energy	6.62	7.94	6.51	6.37	15.60	9.30
Materials	3.66	1.80	3.95	6.04	0.00	2.68
Industrials	20.51	12.23	14.17	15.09	16.41	12.53
Consumer Discretionary	11.92	10.28	17.67	10.14	12.22	12.79
Consumer Staples	0.76	8.46	4.14	2.56	11.17	6.93
Health Care	18.11	14.77	9.82	7.08	16.82	13.02
Financials	4.89	24.73	23.97	30.93	20.31	20.53
Information Technology	32.73	13.11	16.36	13.62	7.45	17.85
Telecom. Services	0.80	3.02	1.44	1.47	0.00	2.39
Utilities	0.00	3.66	1.96	6.70	0.00	1.99

PORTFOLIO PROFILE REPORT

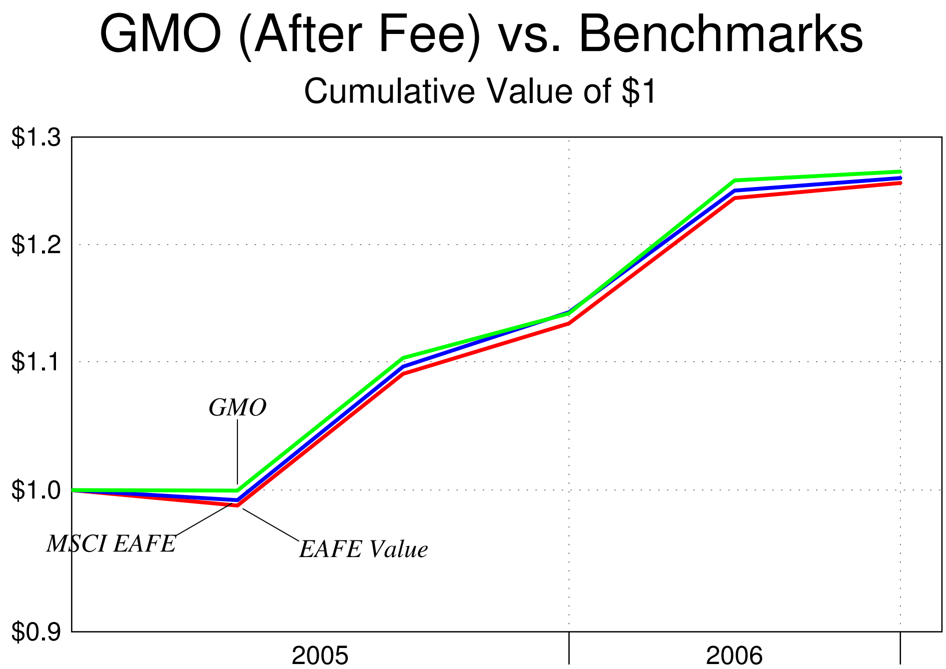
	S&P 500 Cap Wtd 6/30/2006	Russell 3000® 6/30/2006	Russell 2500™ 6/30/2006	Russell 2000® 6/30/2006	ING 6/30/2006	Delaware 6/30/2006	Boston 6/30/2006
Beta Sectors							
1 0.0 - 0.9	51.13	50.22	44.17	40.34	50.29	49.04	39.77
2 0.9 - 1.1	11.39	11.47	11.30	10.27	10.03	19.44	17.79
3 1.1 - 1.3	11.25	11.08	10.86	10.68	12.37	3.94	9.99
4 1.3 - 1.5	6.96	6.85	7.62	9.04	6.85	4.03	11.01
5 Above 1.5	19.27	20.38	26.05	29.66	20.45	23.55	21.44
Yield Sectors							
1 Above 5.0	0.67	1.53	5.85	6.13	0.45	0.00	1.01
3 3.0 - 5.0	25.35	22.71	10.09	8.18	22.69	0.00	17.97
3 1.5 - 3.0	31.34	27.37	14.98	12.81	33.28	16.95	35.37
4 0.0 - 1.5	29.37	27.52	21.98	16.09	30.48	49.47	32.03
5 0.0	13.27	20.88	47.10	56.79	13.10	33.58	13.62
P/E Sectors							
1 0.0 - 12.0	15.07	14.02	8.41	8.75	18.63	3.24	27.83
2 12.0 -20.0	47.94	43.86	32.37	29.21	45.87	9.95	48.48
3 20.0 -30.0	25.50	25.16	24.11	22.57	26.23	55.92	15.51
4 30.0 - 150.0	9.15	11.76	20.37	20.83	7.42	24.54	2.43
5 N/A	2.34	5.19	14.74	18.63	1.86	6.36	5.75
Capitalization Sectors							
1 Above 20.0 ($Bil)	73.29	58.06	0.00	0.00	76.43	43.21	62.81
2 10.0 - 20.0	17.30	14.52	0.00	0.00	15.97	44.04	12.57
3 5.0 - 10.0	6.93	8.50	1.42	0.00	5.75	5.80	13.54
4 1.0 - 5.0	2.46	14.73	76.34	53.57	1.85	6.94	11.07
5 0.5 - 1.0	0.01	2.61	13.82	28.85	0.00	0.00	0.00
6 0.1 - 0.5	0.00	1.59	8.41	17.57	0.00	0.00	0.00
7 0.0 - 0.1	0.00	0.00	0.00	0.01	0.00	0.00	0.00
5 Yr Earnings Growth							
1 N/A	16.61	20.35	37.18	39.80	12.12	3.08	12.65
2 0.0 -10.0	33.14	31.18	24.28	25.55	32.84	14.83	32.58
3 10.0 -20.0	32.84	31.27	23.64	20.04	34.08	70.46	29.33
5 Above 20.0	17.42	17.21	14.90	14.61	20.97	11.63	25.44

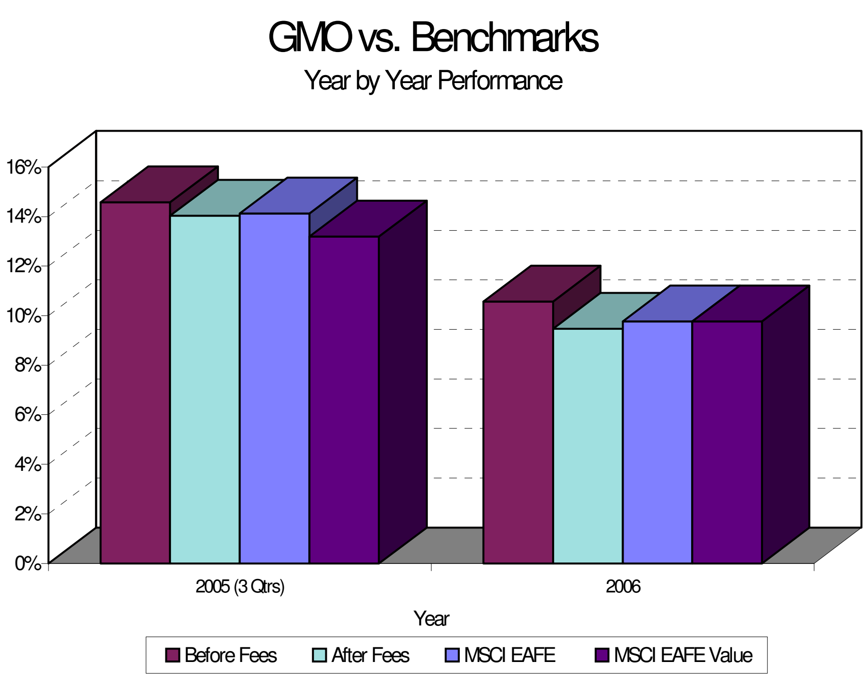
PORTFOLIO PROFILE REPORT

	Emerald 6/30/2006	Intech 6/30/2006	Progress 6/30/2006	Rothschild 6/30/2006	Wentworth 6/30/2006	Combined Equity 6/30/2006
Beta Sectors						
1 0.0 - 0.9	22.90	53.71	35.59	44.99	43.59	44.84
2 0.9 - 1.1	7.55	11.47	11.59	13.16	13.00	13.37
3 1.1 - 1.3	12.93	12.45	10.36	11.54	19.09	11.38
4 1.3 - 1.5	10.70	7.14	7.85	8.76	6.08	7.57
5 Above 1.5	45.92	15.24	34.61	21.55	18.25	22.83
Yield Sectors						
1 Above 5.0	0.00	0.51	1.76	2.72	0.00	0.65
3 3.0 - 5.0	0.00	17.85	6.28	15.02	11.58	13.78
3 1.5 - 3.0	1.84	28.04	10.82	14.91	28.43	24.52
4 0.0 - 1.5	17.25	39.00	16.02	32.63	50.78	35.49
5 0.0	80.91	14.59	65.13	34.71	9.21	25.56
P/E Sectors						
1 0.0 - 12.0	2.19	12.59	4.13	4.25	12.74	12.61
2 12.0 -20.0	14.58	43.99	25.79	43.30	53.21	38.19
3 20.0 -30.0	28.10	30.34	25.76	28.00	30.56	30.29
4 30.0 - 150.0	34.02	11.72	32.87	15.59	3.48	13.35
5 N/A	21.10	1.38	11.45	8.85	0.00	5.56
Capitalization Sectors						
1 Above 20.0 ($Bil)	0.00	54.61	0.86	0.00	68.64	49.41
2 10.0 - 20.0	0.00	25.02	0.56	0.00	14.59	17.40
3 5.0 - 10.0	2.82	15.39	1.18	5.17	11.86	8.57
4 1.0 - 5.0	55.62	4.98	67.20	81.40	4.91	18.75
5 0.5 - 1.0	20.64	0.00	19.42	11.58	0.00	3.48
6 0.1 - 0.5	20.47	0.00	10.31	1.85	0.00	2.34
7 0.0 - 0.1	0.45	0.00	0.48	0.00	0.00	0.05
5 Yr Earnings Growth						
1 N/A	20.41	15.21	24.78	32.30	2.38	13.56
2 0.0 -10.0	27.89	32.53	28.73	31.49	31.17	29.25
3 10.0 -20.0	36.42	34.13	29.65	18.21	39.90	37.96
5 Above 20.0	15.28	18.13	16.84	18.00	26.55	19.23

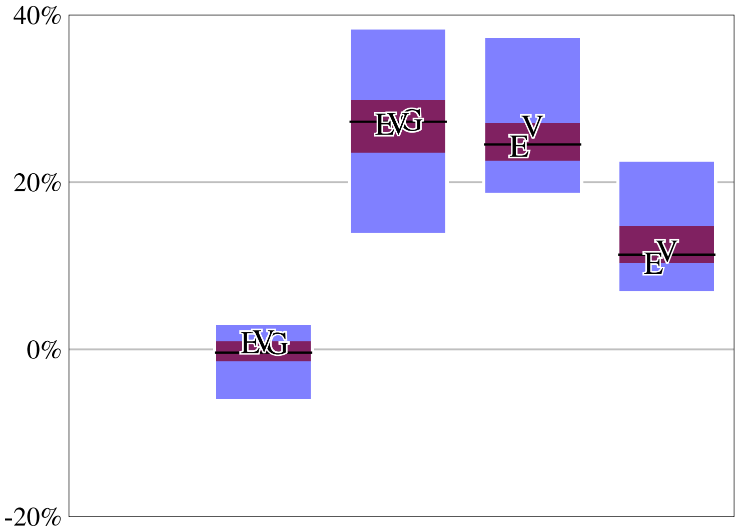
MANAGER COMMENTS – INTERNATIONAL EQUITY

Grantham, Mayo, van Otterloo & Co





Grantham, Mayo, van Otterloo & Co



	Last Qtr	1 Yr	3 Yrs	5 Yrs
GMO (G)	0.8	27.6	-	-
Rank	*30*	*46*	-	-
EAFE (E)	0.9	27.1	24.4	10.4
EAFE Value (V)	1.1	27.1	26.8	11.9
Int'l Median	-0.4	27.2	24.5	11.3

Portfolio Characteristics	GMO	MSCI EAFE
IEq Mkt Value ($Mil)	273.2	N/A
Cash	0.0 %	0.0 %

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

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

The GMO value international portfolio returned 0.8% in the second quarter, marginally trailing the 0.9% return of the MSCI EAFE Index and the 1.1% return of the EAFE Value Index, but better than the -0.4% return of the median international equity manager. Over the past year, the portfolio has returned 27.6%, above the MSCI EAFE and EAFE Value Indices, and ranked in the 46th percentile.

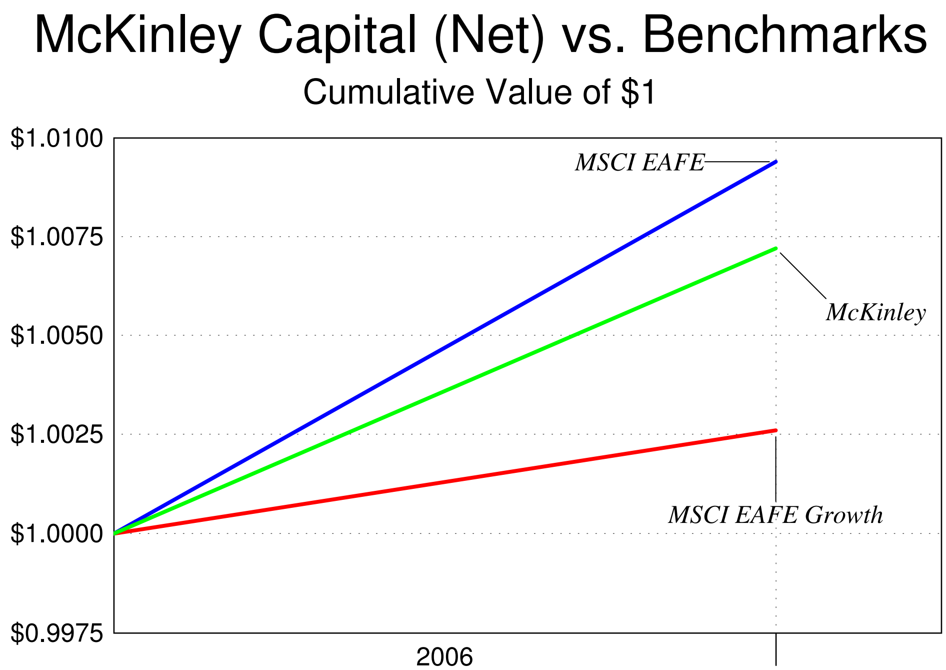
The portfolio's largest country over-weightings were the Japan, Netherlands and Germany, while the largest under-weightings were in Switzerland, the United Kingdom and Australia.

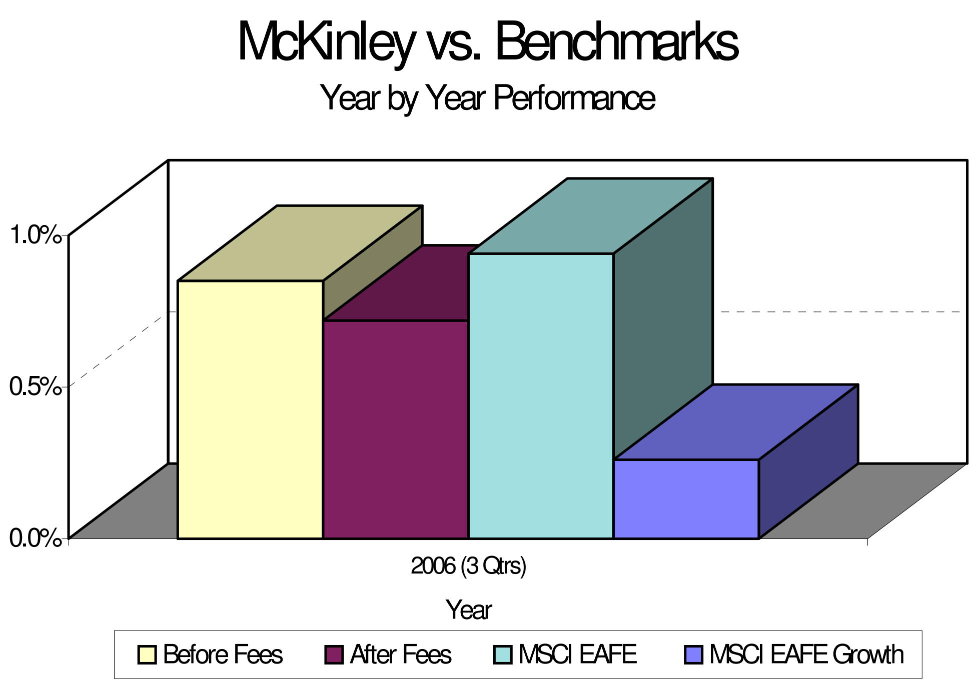
Stock selection was strong during the quarter while country allocation detracted from performance. Sector exposures helped slightly. Country allocation hurt relative performance due to an overweight to the weak Japanese market. Currencies helped absolute returns significantly.

GMO's stock selection discipline had mixed results during the quarter with quality-adjusted value working the best, intrinsic value doing well, and momentum slightly underperforming. Positions in AstraZeneca, GlaxoSmithKline, Takeda Pharmaceutical, and ThyssenKrupp helped this quarter's return. Dectractors included ABN Amro and Nissan Motor.

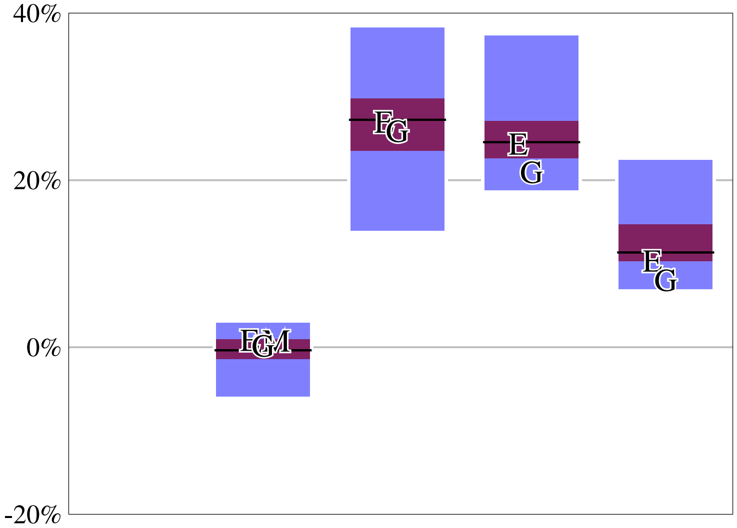
MANAGER COMMENTS – INTERNATIONAL EQUITY

McKinley Capital





McKinley Capital



	Last Qtr	1 Yr	3 Yrs	5 Yrs
McKinley (**M**)	0.9	-	-	-
Rank	*28*	-	-	-
EAFE (**E**)	0.9	27.1	24.4	10.4
EAFE Growth (**G**)	0.3	26.0	21.0	8.1
Int'l Median	-0.4	27.2	24.5	11.3

Portfolio Characteristics	**McKinley Capital**	**MSCI EAFE**
IEq Mkt Value ($Mil)	263.3	N/A
Cash	1.2 %	0.0 %

Over-Weighted Countries	**McKinley Capital**	**MSCI EAFE**
South Korea	5.9 %	0.0 %
France	12.9	9.4
Taiwan	3.4	0.0

Under-Weighted Countries	**McKinley Capital**	**MSCI EAFE**
Japan	13.0 %	24.6 %
United Kingdom	13.4	24.2
Australia	2.1	5.3

The McKinley Capital portfolio was funded in February 2006 and serves as a growth complement to the value-oriented GMO portfolio. The portfolio returned 0.9% in its first full quarter, matching the return of the MSCI EAFE Index and exceeding the MSCI EAFE Growth Index. This return ranked in the 28th percentile of international equity managers.

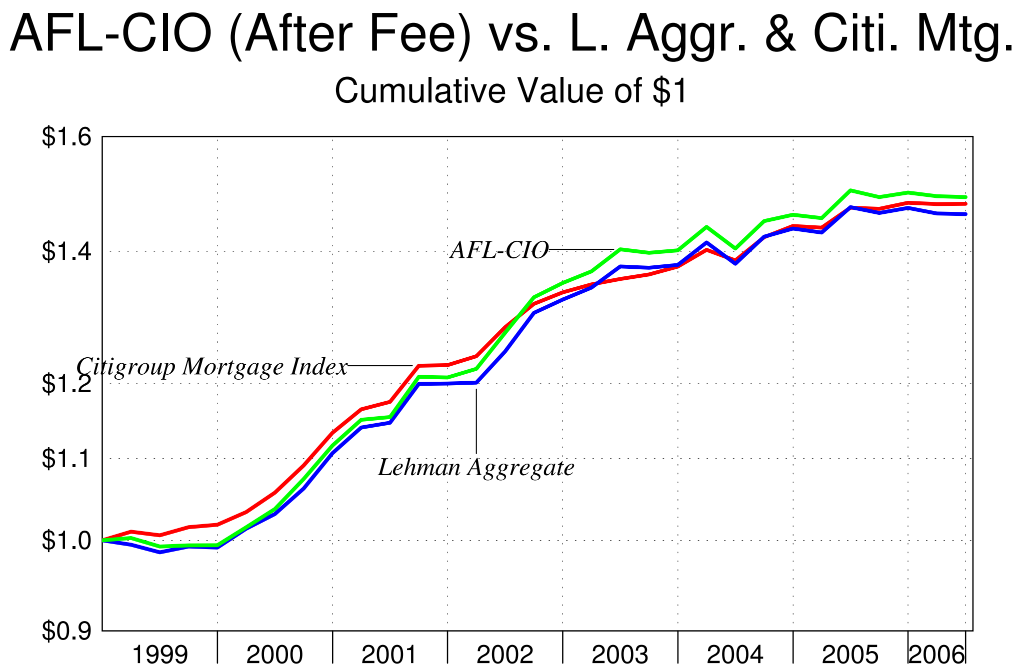
The portfolio's largest country over-weightings were in South Korea, France and Taiwan, while the largest under-weightings were in Japan, the United Kingdom and Australia.

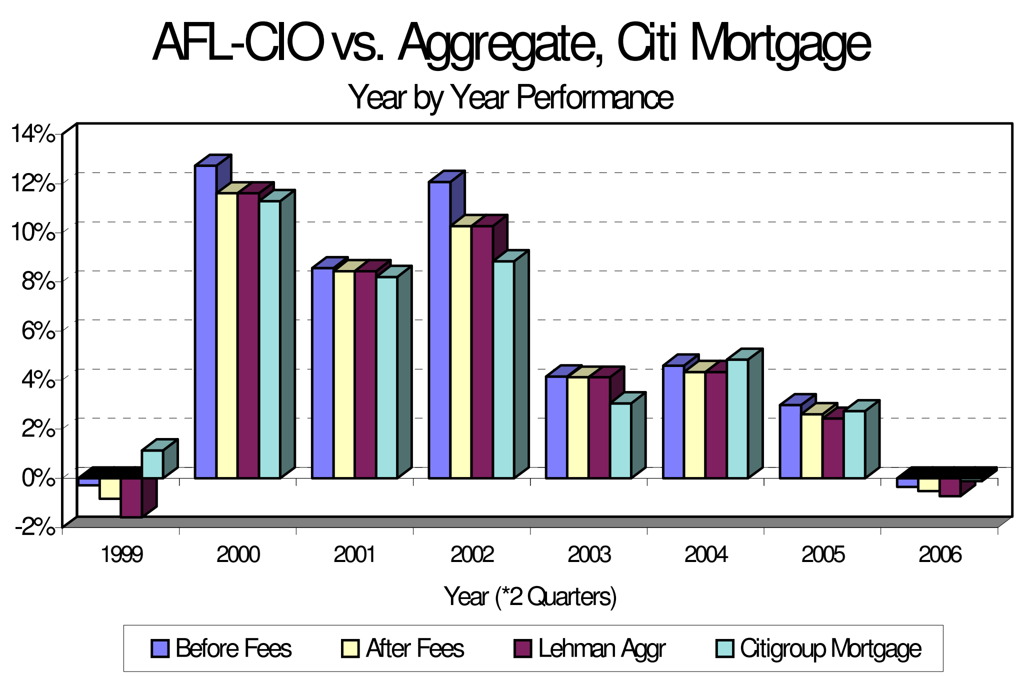
Stock selection in Japan and Germany detracted from relative performance. On a country basis, underweights to Japan and the United Kingdom were beneficial while being overweight to Germany and Ireland detracted from relative performance.

McKinley reports that their investment process is currently identifying a relatively large number of companies with positive risk-adjusted relative returns and accelerating earnings growth rates, particularly in the Financials, Materials, and Industrials sectors, and on a country basis, in Norway and Spain.

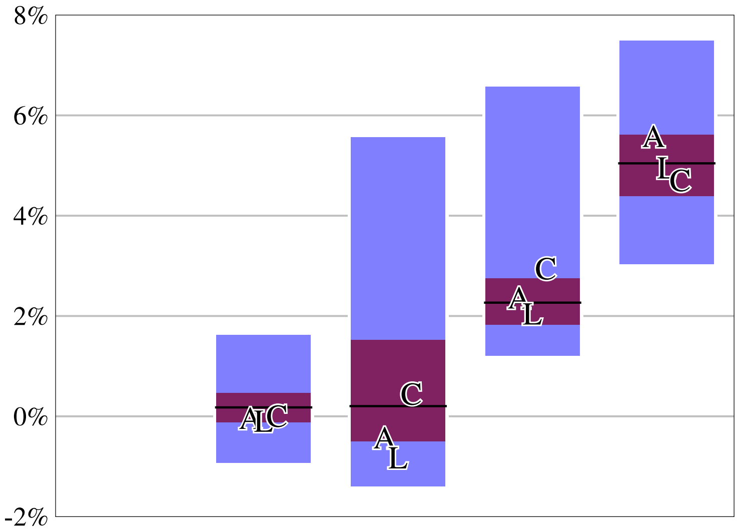
MANAGER COMMENTS – FIXED INCOME

AFL-CIO Housing Investment Trust





AFL-CIO Housing Investment Trust



	Last Qtr	1 Yr	3 Yrs	5 Yrs
AFL-CIO (A)	0.0	-0.4	2.4	5.6
Rank	*65*	*72*	*43*	*25*
L. Agg (L)	-0.1	-0.8	2.1	5.0
Citi. Mtg. (C)	0.0	0.5	3.0	4.7
Fixed Median	0.2	0.2	2.3	5.0

Portfolio Characteristics	**AFL-CIO**
Mkt Value ($Mil)	149.8
Current Yield (%)	5.8
Duration (yrs)	4.8
Avg Quality	AAA

Divesification by Sector	**AFL-CIO**
Agency Mutifamily MBS	63 %
Agency Single Family MBS	32
US Treasury/Agency	3
AAA Private-Label CMBS	2
Cash & Short-Term	0

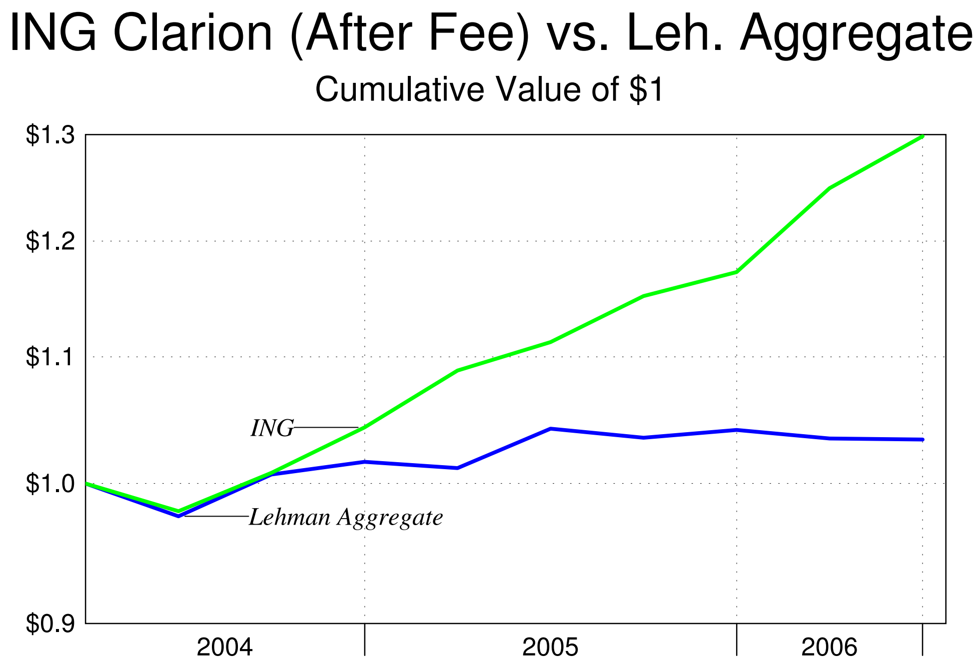
AFL-CIO returned 0.0% in the second quarter, better than the -0.1% return of the Lehman Aggregate and matching the 0.0% return of the Citigroup Mortgage Index. The portfolio ranked in the 65th percentile of fixed income managers. For the past year, AFL-CIO returned -0.4%, which was better than the -0.8% return of the Lehman Aggregate but trailed the 0.5% return of the Citigroup Mortgage index. Over the past five years, AFL-CIO has exceeded both benchmarks and the median, meeting performance objectives.

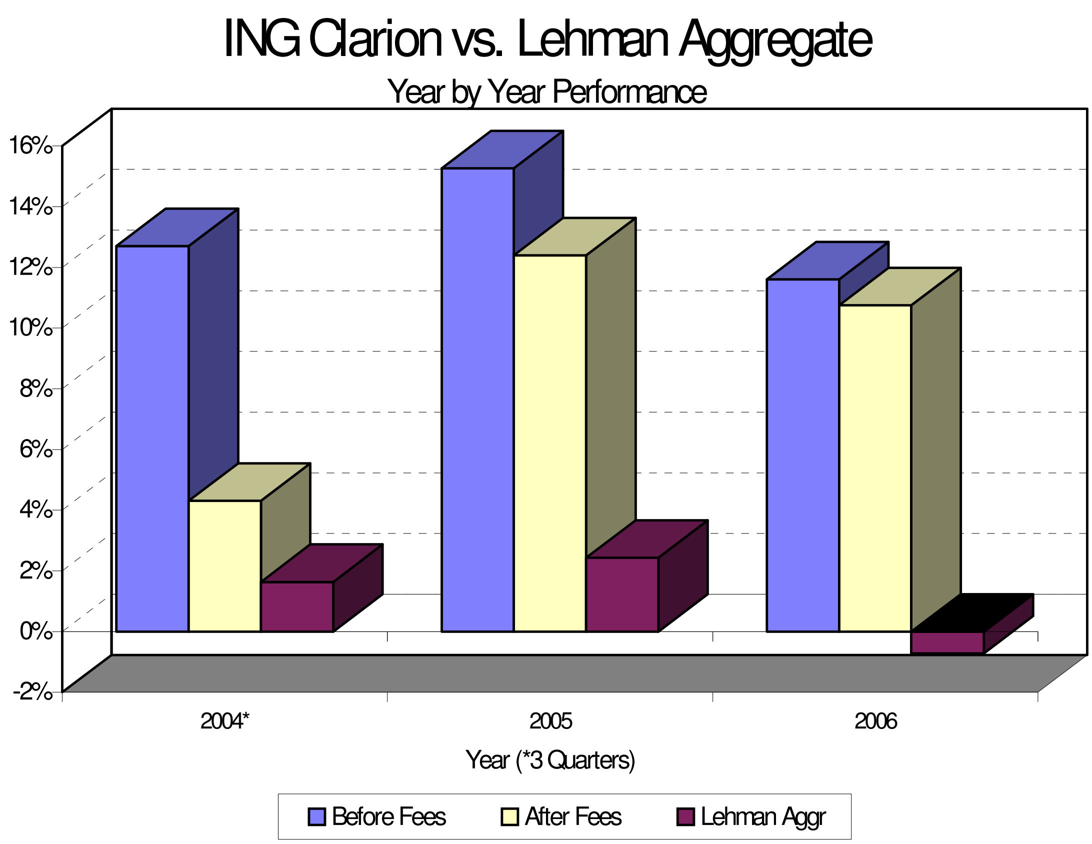
At the end of the second quarter, the AFL-CIO Housing Investment Trust had 63% of the portfolio allocated to multi-family mortgage backed securities (up 2% from the end of the previous quarter), 32% allocated to single family MBS (unchanged), 3% to US Treasury notes (down 2%), 2% to AAA Private-Label CMBS (up 2%) and 0% to short-term (down 2%). The AFL-CIO portfolio duration at the end of the second quarter was 4.8 years and the current yield of the portfolio was 5.8%.

AFL-CIO reports that, in the second quarter, the Trust committed $9.2 million to two multi-family investments having 113 units. Also during the second quarter, 308 single family loans, totaling $79.8 million, were issued in New York City by Chase through the Union Plus mortgage program and the new HIT HOME program. In the near term, the Trust will continue to manage the portfolio to maintain its slightly short duration bias versus the Aggregate to help offset the impact of potentially rising rates. With the market still perhaps expecting a little more tightening by the Fed and slightly higher short-term interest rates, the yield curve is expected to continue to remain relatively flat.

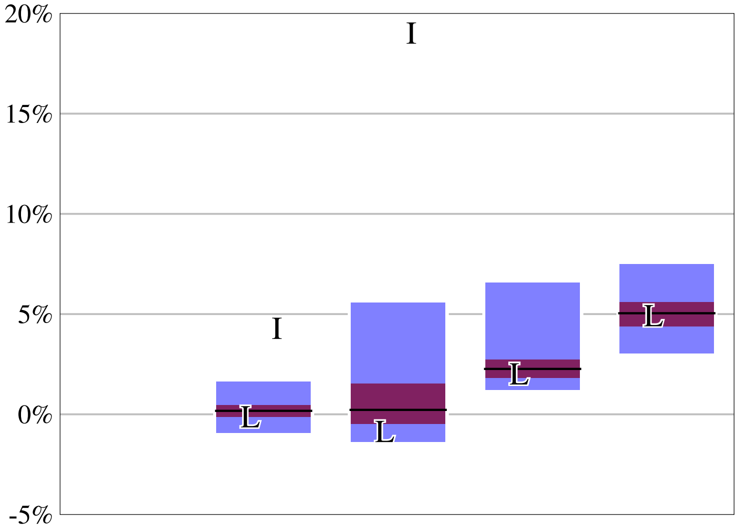
MANAGER COMMENTS – FIXED INCOME

ING Clarion





ING Clarion



Portfolio Characteristics	ING
Mkt. Value ($mil)	70.7
Avg. Quality	B

	Last Qtr	1 Yr	3 Yrs	5 Yrs
ING Clarion (I)	4.3	19.1	-	-
Rank	*1*	*1*	-	-
L. Agg (L)	-0.1	-0.8	2.1	5.0
Fixed Median	0.2	0.2	2.3	5.0

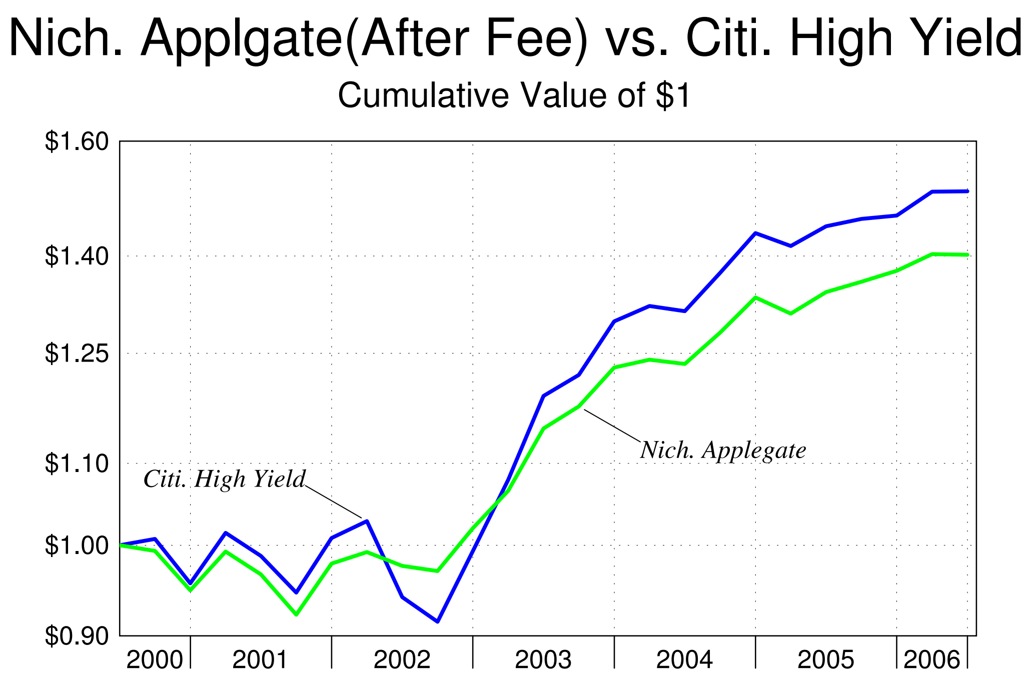
ING Clarion invests in lower quality mortgages purchased at a significant discount. Its return of 4.3% for the second quarter was well above the Lehman Aggregate return of -0.1% and the median fixed income manager return of 0.2%. ING Clarion ranked in the 1st percentile in the universe of fixed income managers. Over the past year, the portfolio has returned 19.1%, well above the benchmark return of -0.8% and the fixed income median return of 0.2%, again ranking in the 1st percentile.

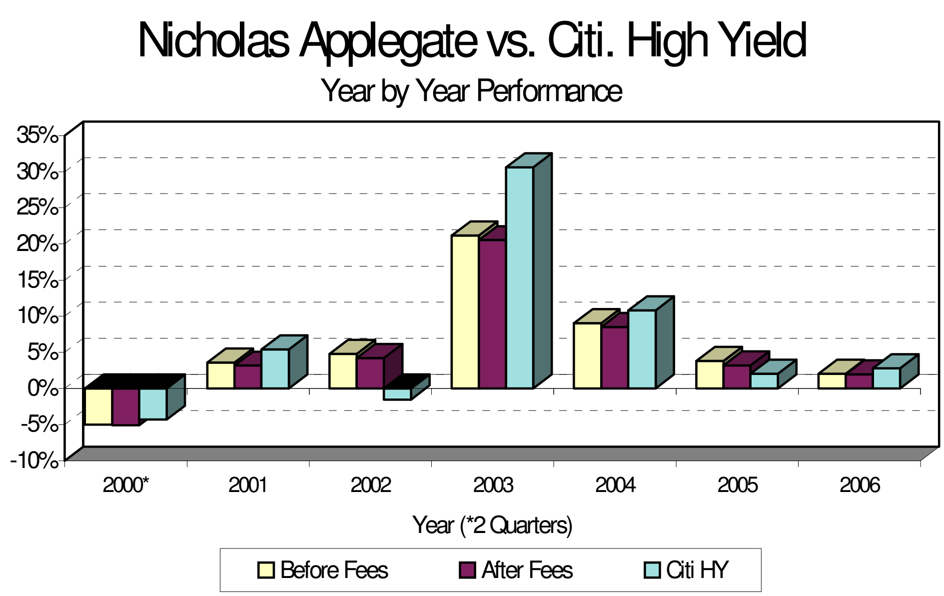
As of June 30, 2006, the portfolio consisted of 95 investments purchased at an average price of approximately 46% of par.

For the quarter ending June 30, 2006, the Partnership acquired no additional investments.

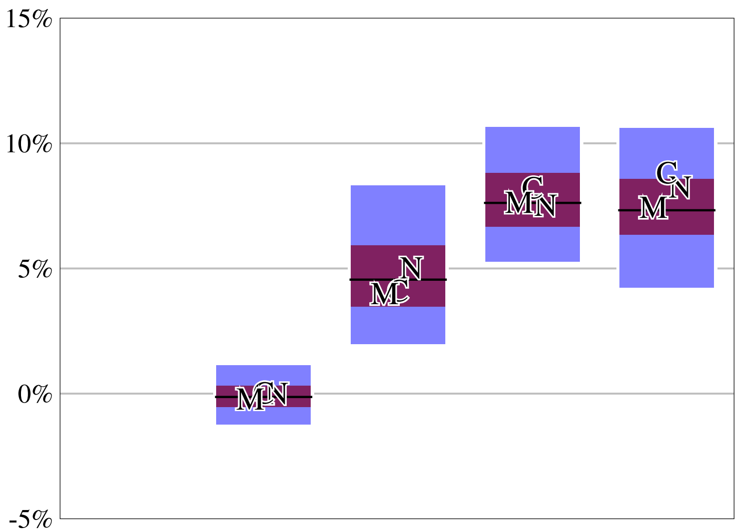
MANAGER COMMENTS – FIXED INCOME

Nicholas Applegate





Nicholas Applegate



Portfolio Characteristics	Nicholas Applegate	Citigroup High Yield
Mkt Value ($Mil)	84.2	n/a
Yield to Maturity (%)	8.4 %	8.6 %
Duration (yrs)	4.3	4.7
Avg. Quality	BB	B+

Quality Distribution	Nicholas Applegate	Citigroup High Yield
A	3 %	0 %
BBB	0	0
BB	33	41
B	63	49
CCC	1	10

	Last Qtr	1 Yr	3 Yrs	5 Yrs
Nich. Appl. (N)	0.0	5.1	7.6	8.3
Rank	*38*	*40*	*51*	*30*
Citi. Hi Yield (C)	0.1	4.2	8.3	8.9
ML BB/B (M)	-0.2	4.0	7.7	7.5
MS HY Median	-0.2	4.5	7.6	7.3

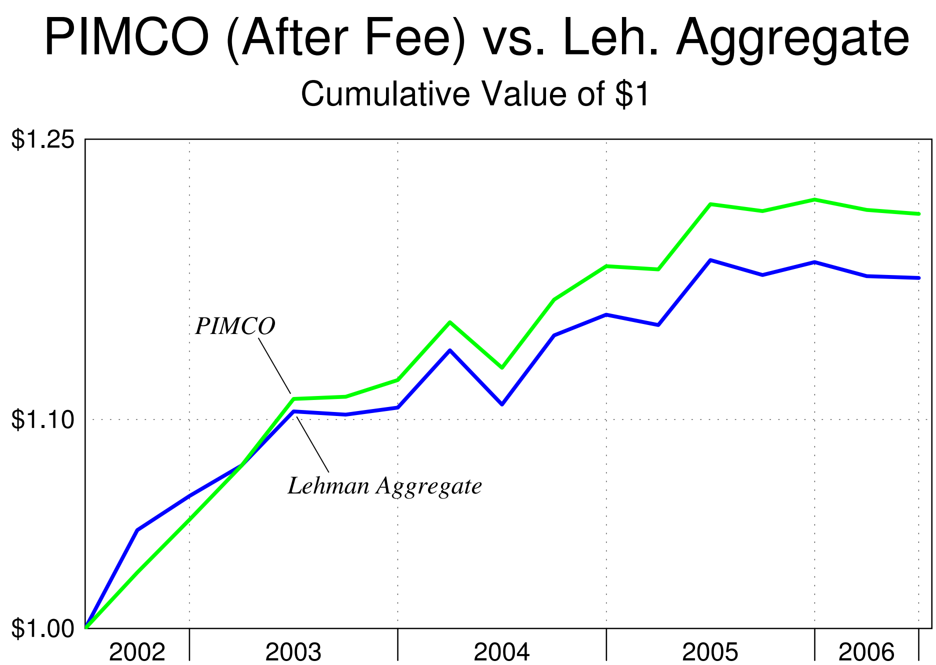
Nicholas Applegate's high yield fixed income portfolio returned 0.0% for the second quarter, slightly trailing the 0.1% return of the Citigroup High Yield Index but better than the -0.2% return of the Merrill Lynch BB/B Index and the -0.2% return of the median high yield fixed income mutual fund. For the past year, Nicholas Applegate returned 5.1% versus 4.2% for the Citigroup High Yield Index, 4.0% for the Merrill Lynch BB/B Index and 4.5% for the median. For the five-year period, Nicholas Applegate's return of 8.3% was above 7.5% for the BB/B Index and 7.3% for the median, but below 8.9% for the Citigroup High Yield Index.

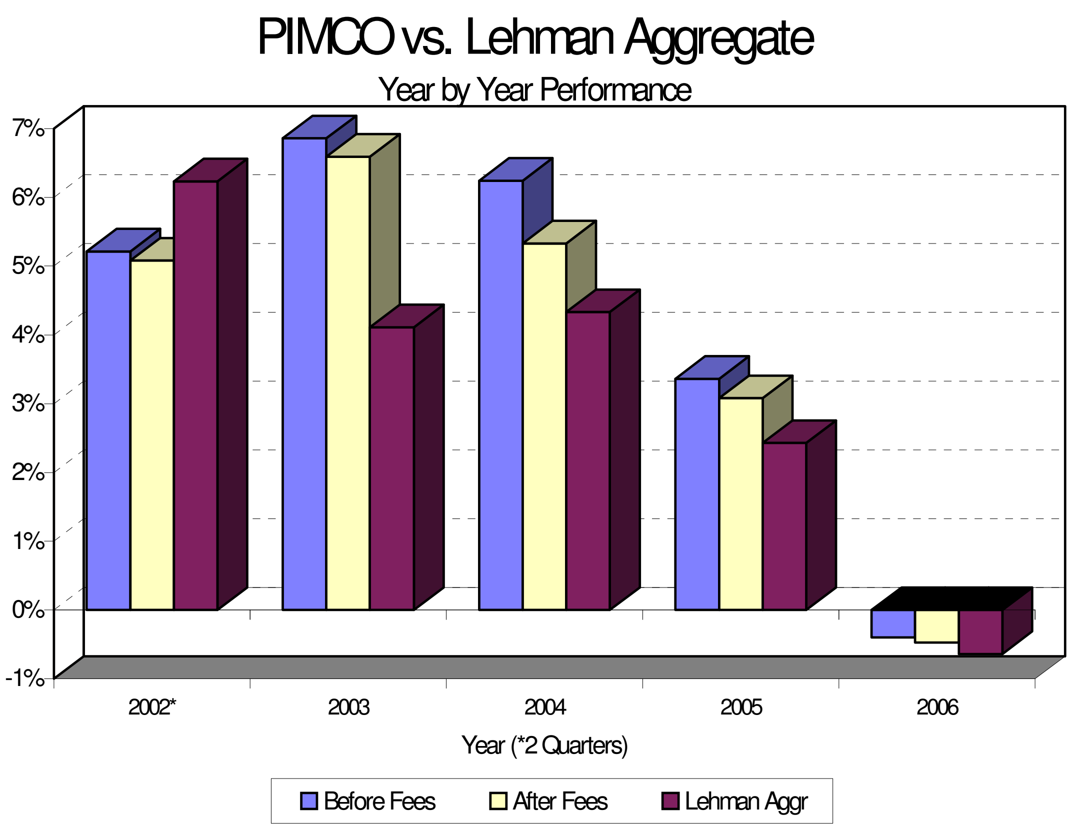
As of June 30, 2006, the Nicholas Applegate high yield portfolio was allocated 3% to A rated securities vs. 0% for the Citigroup High Yield Index, 33% to BB rated issues versus 41% for the Index, 63% to B rated issues versus 49% in the Index and 1% to C rated securities versus 10% for the Index. The portfolio's June 30, 2006, duration was 4.3 years, shorter than 4.7 years for the Citigroup High Yield Index.

The combination of low-quality issuer performance and the contribution from GM (which Nicholas Applegate does not hold) continued to weigh on relative performance. There were eleven positive rating actions in the portfolio during the quarter. The upgrades included several industries, including Energy, Telecommunications and Consumer Products. There was only one downgrade in the period. There were over a dozen securities purchased in the quarter. Some of the new purchases included PHI Inc., OM Group and Cenveo. Sales included American Tower, Williams Cos Inc and Chesapeake Energy. There is little change to the firm's fundamental outlook for the high yield market. The firm believes that the asset class remains a compelling investment versus other fixed income options. The economy is healthy, corporate balance sheets are solid, and defaults are low. Stock market returns, however, have shifted from significantly positive to more neutral. Continued corporate earnings growth will be critical for both the equity and the high yield markets.

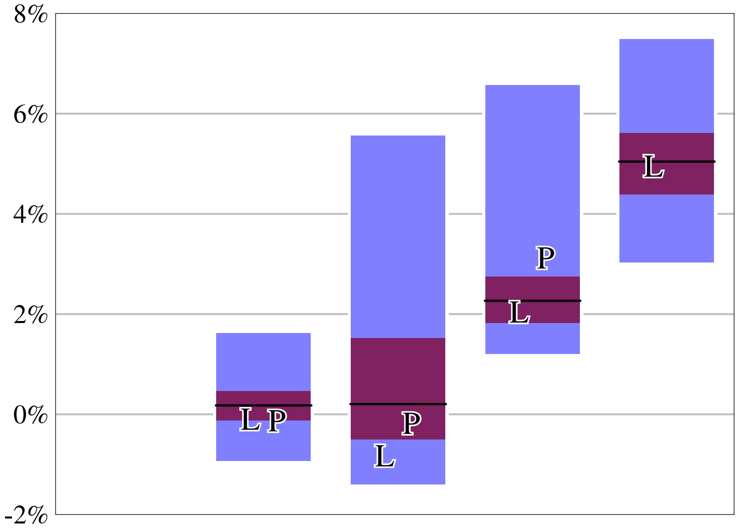
MANAGER COMMENTS – FIXED INCOME

PIMCO





PIMCO



	Last Qtr	1 Yr	3 Yrs	5 Yrs
PIMCO (**P**)	-0.1	-0.2	3.1	-
Rank	*74*	*63*	*17*	-
L. Agg (**L**)	-0.1	-0.8	2.1	5.0
Fixed Median	0.2	0.2	2.3	5.0

Portfolio Characteristics	**PIMCO**	**Lehman Aggregate**
Mkt Value ($Mil)	417.1	n/a
Yield to Maturity (%)	5.9 %	5.8 %
Duration (yrs)	5.3	4.8
Avg. Quality	AAA	AA+

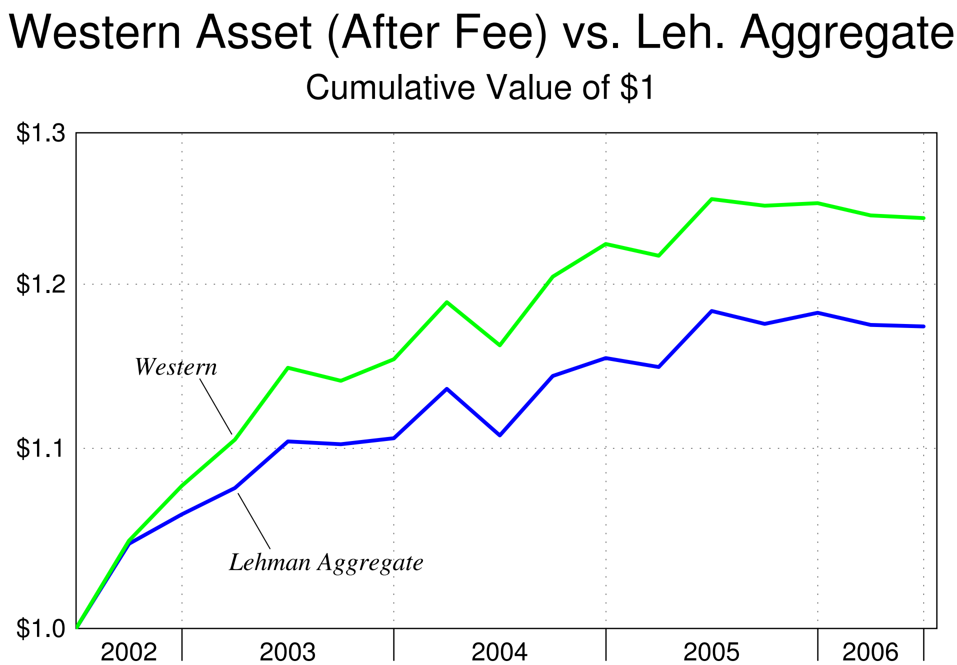
Sectors	**PIMCO**	**Lehman Aggregate**
Treasury/Agency	31 %	36 %
Mortgages	59	41
Corporates	2	19
High Yield	1	0
Asset-Backed	1	0
CMBS	0	0
International	-3	4
Emerging Markets	3	0
Other	0	0
Cash	5	0

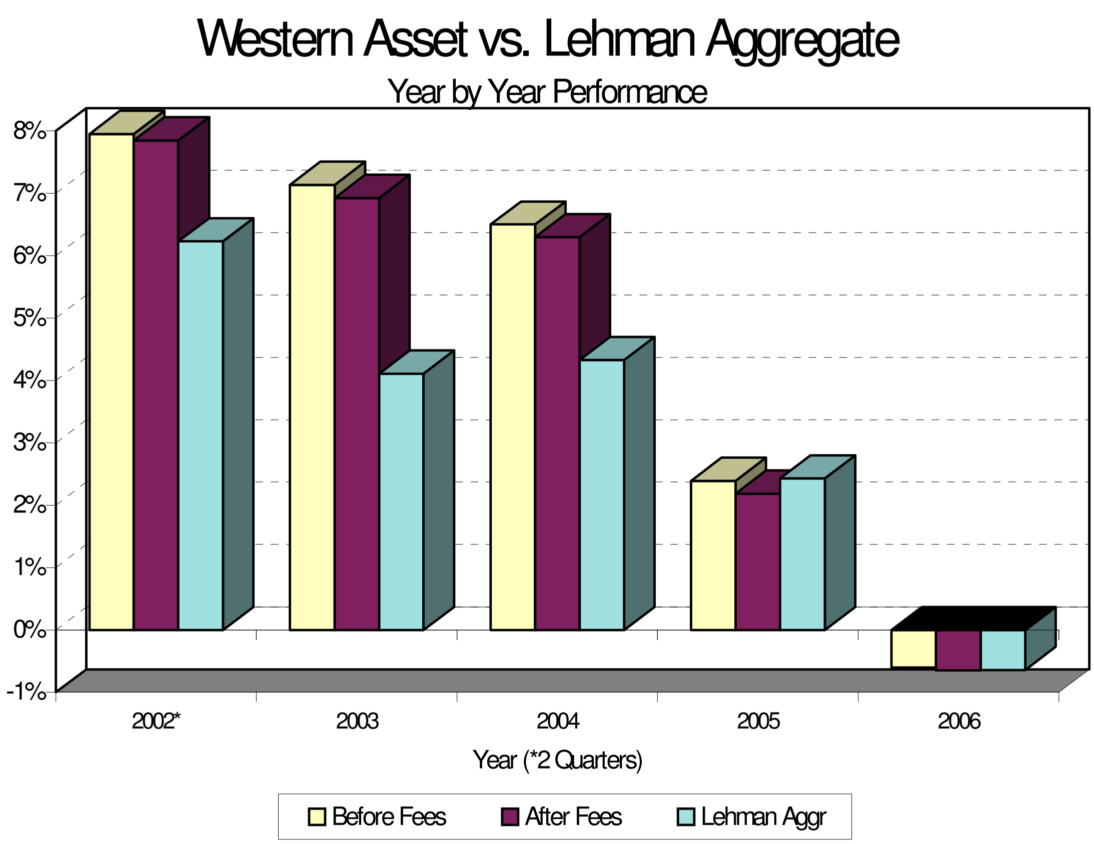
PIMCO's return of -0.1% for the second quarter matched the -0.1% return of the Lehman Aggregate but lagged the 0.2% return of the median fixed income manager. PIMCO ranked in the 74th percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of -0.2% was better than the -0.8% return of the Lehman Aggregate but trailed the 0.2% return of the median, ranking in the 63rd percentile. Over the past three years, the portfolio has returned 3.1%, above the Lehman Aggregate return of 2.1%, and ranked in the 17th percentile.

During the second quarter, PIMCO made very few changes to the portfolio. The allocation to treasuries and agencies was increased by 1% and the allocation to mortgages was decreased by 1%. All other sectors were unchanged. Duration of the PIMCO fixed income portfolio at the end of the second quarter was 5.3 years, longer than the 4.9 year duration at the end of last quarter and slightly longer than that of the benchmark.

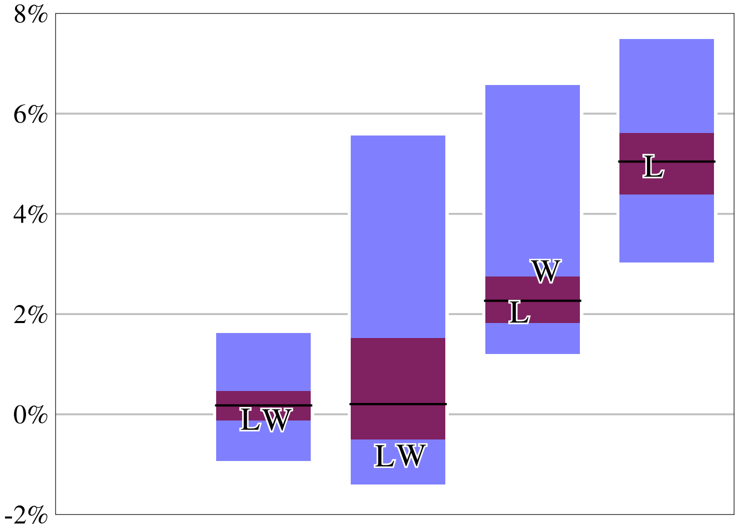
Second quarter performance was helped by the portfolio's mortgage coupon and security selection, an underweight to corporate bonds and non-US strategies. The portfolio's longer duration than the index detracted from second quarter results as did exposure to short-term US rates via Eurodollar futures and modest exposure to emerging market bonds. PIMCO plans to focus on the short end of the yield curve and to keep the portfolio's duration near the index.

Western Asset Management





Western Asset Management



	Last Qtr	1 Yr	3 Yrs	5 Yrs
Western Asset (W)	-0.1	-0.8	2.9	-
Rank	*72*	*83*	*21*	-
L. Agg (L)	-0.1	-0.8	2.1	5.0
Fixed Median	0.2	0.2	2.3	5.0

Portfolio Characteristics	**Western Asset**	**Lehman Aggregate**
Mkt Value ($Mil)	415.3	n/a
Yield to Maturity (%)	6.2 %	5.8 %
Duration (yrs)	5.4	4.8
Avg. Quality	AA+	AA+

Sectors	**Western Asset**	**Lehman Aggregate**
Treasury/Agency	16 %	36 %
Mortgages	41	41
Corporates	15	19
High Yield	7	0
Asset-Backed	1	0
CMBS	2	0
International	5	4
Emerging Markets	1	0
Other	0	0
Cash	12	0

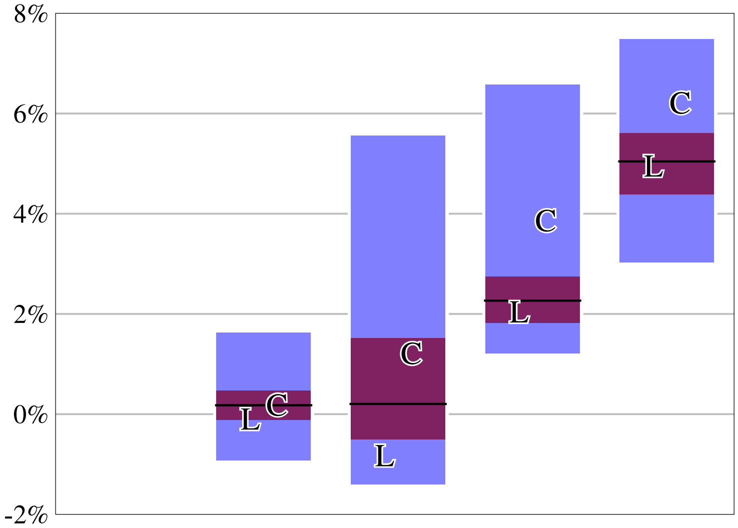
Western Asset Management's return of -0.1% for the second quarter matched the -0.1% return of the Lehman Aggregate but trailed the 0.2% return of the median fixed income manager. The second quarter performance ranked in the 72nd percentile in the universe of fixed income managers. For the one-year period, Western's return of -0.8% again matched the return of the Aggregate but ranked in the 83rd percentile. Over the past three years, Western returned 2.9%, above the Lehman Aggregate return of 2.1%, and ranked in the 21st percentile.

During the second quarter, Western Asset increased its allocation to treasuries and agencies by 1% and to cash by 1%. These increased allocations were offset by decreased allocations to corporates by 1% and to high yield by 1%. The allocations to asset backed securities and CMBS securities were unchanged from the end of the previous quarter. The duration of the Western Asset fixed income portfolio at the end of the second quarter was 5.4 years, slightly shorter than the 5.6 year duration at the end of the previous quarter, and longer than that of the index.

Western Asset Management's second quarter performance was helped by a modest exposure to TIPS, which outperformed Treasuries; a barbelled exposure to the long-end of the yield curve; neutral exposure to corporate securities and a modest exposure to non-dollar bonds which were helped by the weakening dollar. The longer duration of the portfolio hurt during the quarter as yields continued to rise. Exposure to mortgages and emerging market debt also detracted from performance. Western Asset intends to maintain the longer duration of the portfolio with a view that interest rates are unlikely to move significantly up or down over the long term. Western Asset also intends to maintain a moderate exposure to TIPS, high yield, emerging market and non-dollar debt.

MANAGER COMMENTS – FIXED INCOME

Total Domestic Fixed Income



	Last Qtr	1 Yr	3 Yrs	5 Yrs
CCC Total (C)	0.2	1.2	3.9	6.2
Rank	*47*	*27*	*11*	*10*
L. Agg (L)	-0.1	-0.8	2.1	5.0
Fixed Median	0.2	0.2	2.3	5.0

Portfolio Characteristics	**Total Fixed***	**Lehman Aggregate**
Mkt Value ($Mil)	1,066.4	n/a
Yield to Maturity (%)	6.2 %	5.8 %
Duration (yrs)	5.2	4.8
Avg. Quality	AA	AA+

Sectors	**Total Fixed***	**Lehman Aggregate**
Treasury/Agency	19 %	36 %
Mortgages	52	41
Corporates	7	19
High Yield	11	0
Asset-Backed	1	0
CMBS	1	0
International	1	4
Emerging Markets	2	0
Other	0	0
Cash	7	0

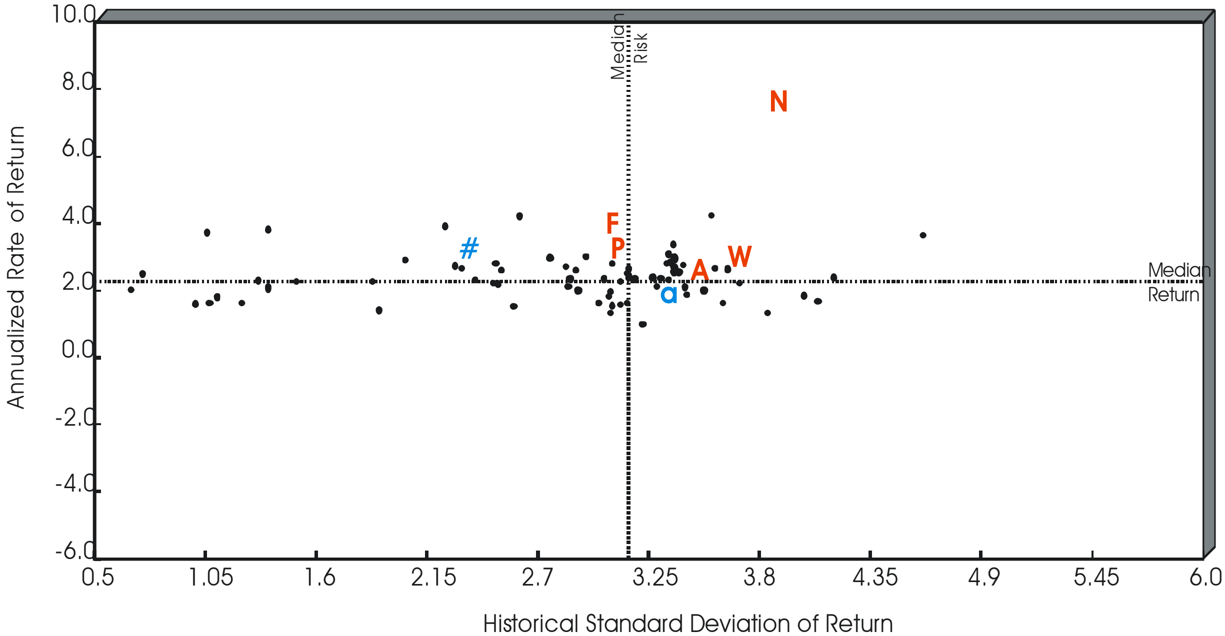
**Exclusive of the ING Clarion portfolio.*

CCCERA total fixed income returned 0.2% in the second quarter, which was better than the -0.1% return of the Lehman Aggregate and matched the 0.2% return of the median fixed income manager, ranking in the 47th percentile in the universe of fixed income managers. For the one-year period, CCCERA's total fixed income returned 1.2%, better than the -0.8% return of the Aggregate and the 0.2% return of the median manager. The CCCERA total fixed income returns have exceeded the Aggregate and the median fixed income manager over both the three and five year periods.

During the second quarter, the allocations to mortgages increased by 11% while the allocations to treasury/agency, asset backed, emerging markets and cash securities all increased by 1%. CMBS were down 8%, international was down 3% and investment-grade corporates were down 2%. The duration of the total fixed income portfolio at the end of the second quarter was 5.2 years, slightly longer than the 4.8 year duration of the index.

Domestic Fixed Income Performance and Variability

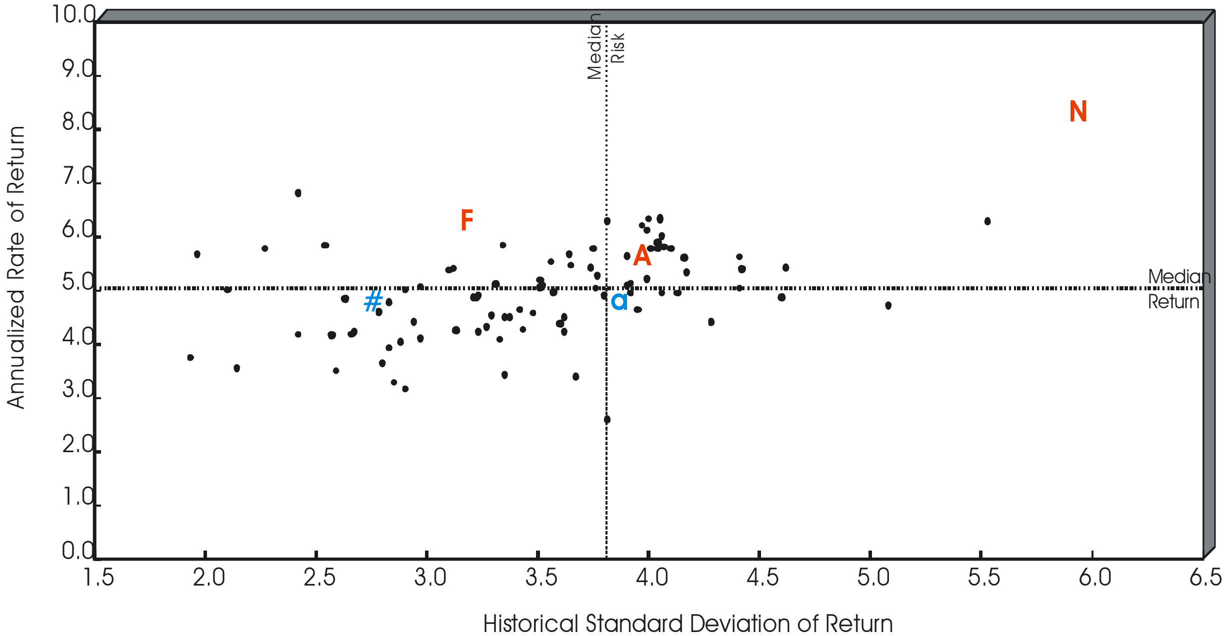
Three Years Ending June 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
A	AFL-CIO	2.38	43	3.53	82
N	Nicholas Applegate	7.56	2	3.91	89
P	PIMCO #2433	3.14	17	3.18	53
W	Western Asset Management	2.88	21	3.71	86
F	Total Fixed Income	3.88	11	3.17	53
a	LB Aggregate	2.05	61	3.38	69
#	SB Mortgage	2.96	19	2.36	21
	Median	2.26		3.15	

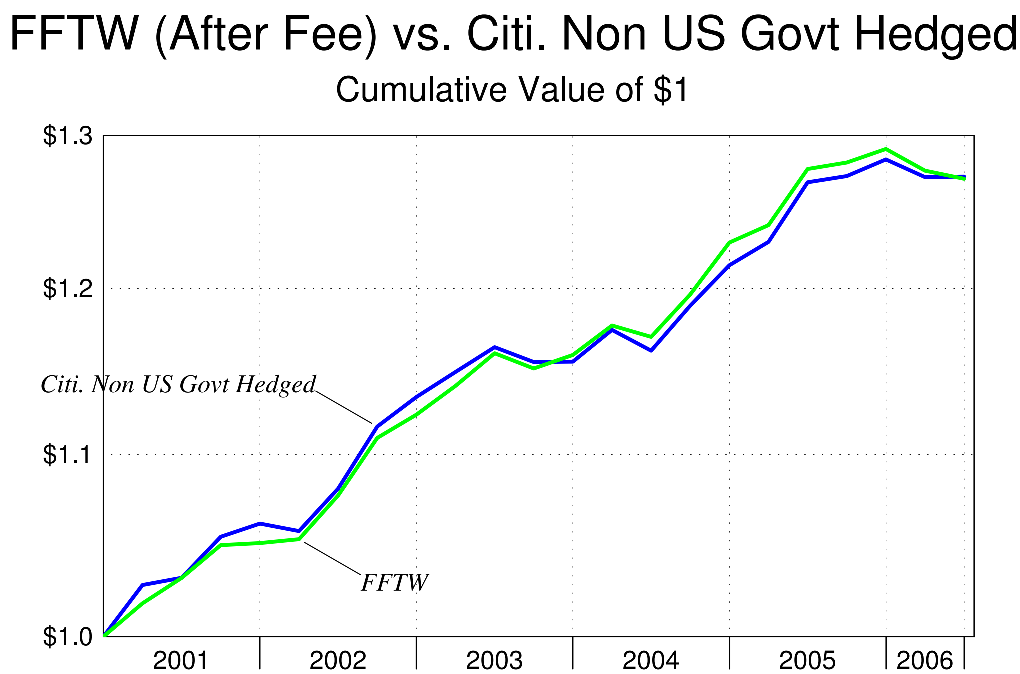
Domestic Fixed Income Performance and Variability

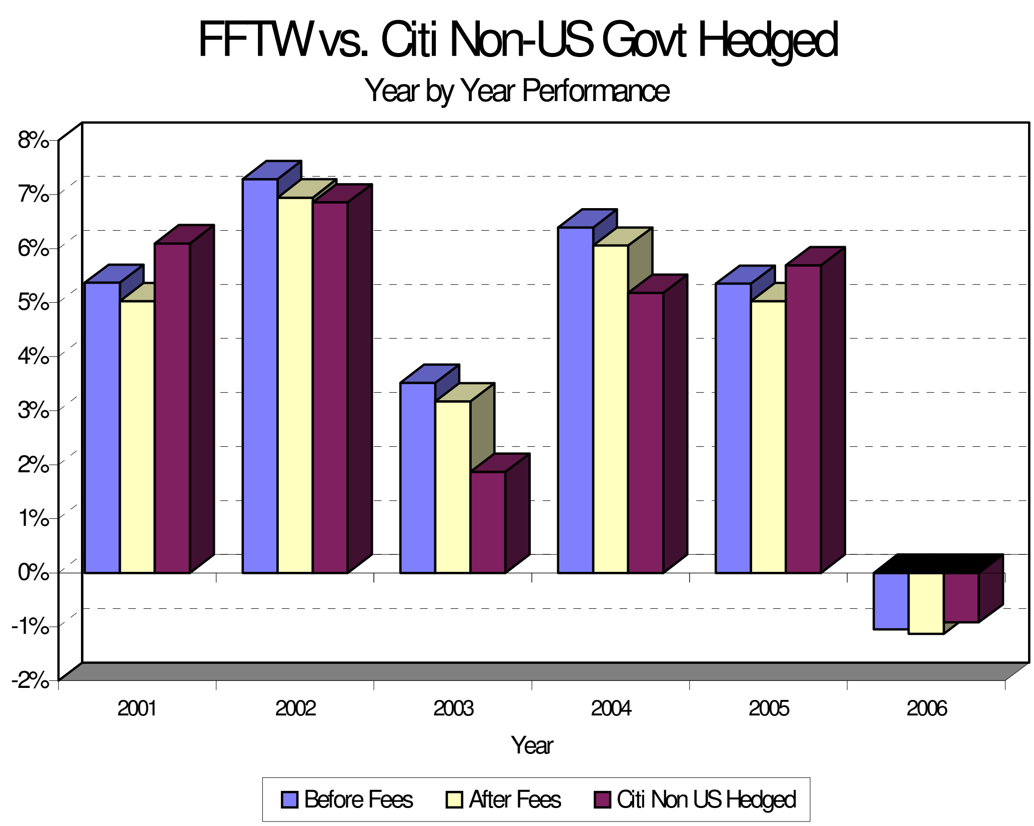
Five Years Ending June 30, 2006



		Annualized Return		Standard Deviation	
		Value	Rank	Value	Rank
A	AFL-CIO	5.60	25	3.99	63
N	Nicholas Applegate	8.29	2	5.95	95
F	Total Fixed Income	6.23	10	3.21	24
a	LB Aggregate	4.97	53	3.86	53
#	SB Mortgage	4.72	64	2.77	15
	Median	5.04		3.81	

Fischer Francis Trees & Watts





Fischer Francis Trees & Watts

Performance

	Last Qtr	1 Yr	3 Yrs	5 Yrs
FFTW	-0.3%	-0.2%	3.4%	4.6%
Citi. NonUS Hdg	0.0	0.3	3.0	4.3

Portfolio

Characteristics	FFTW	Citi. NonUS
Mkt. Value ($mil)	168.0	N/A
Duration (years)	6.1	6.0

Over-Weighted Countries	FFTW	Citigroup NonUS
United States	12%	0%
Netherlands	7	3

Under-Weighted Countries	FFTW	Citigroup NonUS
Japan	22%	36%
Italy	0	11

Non-Government Securities	FFTW	Citigroup NonUS
Non-US Collateralized	9%	0%
US ABS	5	0
Non-US Credit	1	0
US Credit	4	0
Non-US Gov/Agency	81	100
Cash	0	0

Fischer Francis Trees & Watts' (FFTW) portfolio returned -0.3% for the second quarter, trailing the 0.0% return of the Citigroup Non US Government Hedged Index. For the past year, FFTW returned -0.2%, again below the 0.3% return of the Index. For the five-year period, FFTW's return of 4.6% was above the 4.3% return of the Index. The portfolio is in compliance with the three- and five-year performance objectives.

As of June 30, 2006, the portfolio's largest country over-weightings are the in the United States and the Netherlands, while the largest under-weightings continue to be in Japan and Italy. The portfolio contained 9% non-US collateralized securities, 5% US asset backed securities, 1% other non-US credits and 4% US Credits. The portfolio's second quarter duration was 6.1 years, slightly longer than the 6.0 year duration of the Citigroup Non US Government Index.

In the second half of 2006, FFTW expects to become a wholly-owned subsidiary of BNP Paribas. With regard to sovereign debt, FFTW concentrated on intra-bloc and minor market exposures during the quarter, and the latter somewhat detracted from performance. FFTW policy was predominantly negative on the US dollar, both from a judgmental perspective and on technical, model-driven grounds; this approach worked well in April and May, before a partial drawdown towards the end of June. Finally, mortgage sector performance was positive versus duration-matched Treasuries for April but struggled in May and June. Mortgages struggled as yield curve changes put most investors on the sidelines.

FFTW expects a relatively benign environment whereby global growth remains strong and inflation pressures remain moderated. FFTW expects the ending 2006 policy rates for the US, the euro area and Japan to be 5.5%, 3.25%, and 0.25%, respectively. If this scenario is correct, better total returns from bonds could be expected during the second half of the year. FFTW expects that bond markets may shift very little, with a tendency for yield curves to remain flatter than at the peak of previous rate cycles. Mortgage-backed securities will again outperform, and inflation-indexed securities, which are currently at cheap valuations, will perform well also.

MANAGER COMMENTS – REAL ESTATE

Adelante Capital Management

Adelante Capital Management reported a return of -0.5% for the second quarter, ranking in the 25th percentile in the universe of REIT Mutual funds. Adelante's one-year return of 25.6% out-performed the NAREIT Equity Index return of 19.0%.

As of June 30, the portfolio consisted of 30 properties. Office properties comprised 17.3% of the portfolio, apartments made up 27.6%; retail represented 27.5%, industrials accounted for 11.8%, 7.8% is accounted for as diversified/specialty, hotels accounted for 5.6%, and 2.4% is cash. The properties were diversified regionally with 5.2% in the East North Central region, 16.0% in the Mideast, 7.4% in the Mountain, 22.0% in the Northeast, 30.9% in the Pacific region, 9.9% in the Southeast, 5.7% in the Southwest region, 1.7% in the West North Central region, and 1.1% unclassified.

The NAREIT Equity Index declined -1.6% in the second quarter of 2006, lower than the S&P 500 Index which declined -1.4%, but was significantly better than the Russell 2000® Index which returned -5.0%. REITs were able to hold up better than other asset classes from a Fed induced correction due in part to the announcement of an $8.9 billion acquisition of Trizec Properties, Inc. Adelante sees this as proving that here continues to be a demand for real estate despite a flat yield curve that steps up with each meeting of the Federal Open Markets Committee.

BlackRock Realty

BlackRock Realty Apartment Value Fund III (AVF III) reported a second quarter total return of 5.6%. Over the one-year period, BlackRock has returned 32.4%. CCCERA has an 18.7% interest in the AVF III.

As of June 30, 2006, the fund held eleven investments. The portfolio consisted of 100% apartment properties. The properties were distributed regionally as follows: 49% in the Pacific, 8% in the Mountain, 6% in the Mideast, 14% in the East North Central, 2% in the Southwest and 21% in the Southeast. During the quarter, average portfolio occupancy rate of developed existing properties was 93% slightly higher than last quarter. The average rental rate increased from $924 to $974.

BlackRock Apartment Value Fund III (AVF III) commenced operations on November 22, 2004. Through the second quarter of 2006, AVF III is comprised of fifteen value-added apartment assets amounting to $343.9 million in gross asset value. AVF III will continue to add assets during the remainder of 2006.

During the second quarter of 2006, AVF III continued to become more diversified its portfolio with the addition of two assets: 1) McDowell Place, a 400-unit renovation property in Chicago, and 2) Woodcreek Apartments, a Seattle area reposition property which consists of 164 units in 13 separate buildings.

DLJ Real Estate Capital Partners

DLJ Real Estate Capital Partners (RECP) reported a return of 1.8% in the quarter ending March 31, 2006. (Performance lags by one quarter due to the availability of financial reporting.) Over the one-year period, RECP has returned 0.6%. CCCERA has a 3.8% ownership interest in RECP.

The portfolio as of March 31, 2006 consisted of 14.0% office properties; retail represented 35.8%; and land development accounted for 50.2%. The properties were diversified regionally with 1.3% in the Southeast, 9.8% in the Pacific, 39.2% in the Southwest region, 32.6% internationally, and 17.2% listed as “Various-U.S.”.

As of first quarter, the RECP I fund has fully realized all but six of its original 49 investments, and has distributed $943 million on $632 million of total capital invested.

Three of the remaining six investments (11% by value) represent residual interest in land development projects at SunCal, D’Andrea and Orlando. To date, RECP I has accounted for expected losses with both SunCal and D’Andrea properties but realized substantial profits on the Orlando Land investment. The other three remaining investments in the RECP I portfolio (89% by value) are the Gleannloch Farms, Maremagnum and the Phoenix Home Life Portfolio. RECP I expects to generate significant profits with respect to each of these remaining investments.

DLJ Real Estate Capital Partners II

DLJ Real Estate Capital Partners II (RECP II) reported a return of 2.7% in quarter of ending March 31, 2006. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, RECP II has returned 46.0%. CCCERA has a 3.4% ownership interest in RECP II.

As of March 31 the fund has fully realized 25 of its 51 investments. The portfolio consisted of office properties 14.5%; hotels accounted for 24.1%; residential accounted for 25.0%; land development made up 7.8%; retail made up 12.3%; and sub-performing loan made up 16.3%. The properties were diversified regionally with 17.3% in the Pacific, 14.5% in the Northeast, 1.3% in the Southeast, 42.9% internationally, and 24.1% listed as “Various U.S.”.

RECP II has acquired 51 investments with total capital committed of approximately $970 million. RECP II’s investment activities were completed in 2004 and the continued focus in 2005 and thereafter are on the active asset management, positioning and realization of the portfolio. RECP II’s existing portfolio continues to experience very positive results.

During the 1st quarter of 2006, the Fund completed the sale of the IBM Kawasaki building. This building was acquired in December of 2002 in a joint venture with Asia Pacific Land. The Fund expects to receive the proceeds from this sale in the 3rd quarter of 2006. This sale, along with strong cash flow realized over the holding period, will allow the Fund to earn over $40 million of profits on this $13 million investment.

DLJ Real Estate Capital Partners III

DLJ Real Estate Capital Partners III (RECP III) reported a return of 9.8% in quarter of ending March 31, 2006. (Performance lags by one quarter due to financial reporting constraints.) Over the past three quarters, RECP II has returned 24.0%. CCCERA has a 7.8% ownership interest in RECP III.

As of March 31 the fund held 23 investments. The portfolio consisted of 1.5% office properties; hotels accounted for 4.4%; residential accounted for 19.3%; land development made up 16.2%; public securities made up 19.4%; retail made up 2.3%; mixed use development accounted for 7.9%; real estate services made up 0.3%; and sub-performing loan made up 28.7%. The properties were diversified regionally with 19.3% in the Pacific, 19.0% in the Northeast, 60.3% internationally, and 1.4% listed as "Various U.S.".

During 2005, RECP III had its first two closings. The Fund's third closing occurred on April 28, 2006, bringing the aggregate capital commitments of RECP III to $1.10 billion. They expect the Fund's final closing was expected to occur in the first week of June, bringing the final aggregate capital commitment to $1.15 billion. RECP III issued a capital call for all new investors to reflect the transfer of interest in the Fund.

In the first quarter, RECP III began to sell shares of its investment in Guangzhou R&F Properties. This investment was acquired by the Fund in July 2005, when RECP III purchased approximately 18.8 million shares, representing a 2.5% interest in the Company, during its initial public offering on the Hong Kong stock exchange. To date, the Fund has sold approximately 20% of its shares at an average price of HKD 38.73; the cost basis is HKD 10.80. RECP has reviewed the operations of the company and believes it has an attractive pipeline of investments.

FFCA Co-Investment Limited Partnership

FFCA reported a second quarter total return of 0.8%. For the one-year period, FFCA reported a total return of 27.3%. Over longer periods, FFCA has met the objective of exceeding the CPI plus 500 basis points. CCCERA has a 33% interest in the Co-Investment.

As of June 30, 2006, the Co-Investment's portfolio includes 36 restaurant properties. It is diversified regionally with 30.0% in the Southeast region, 9.1% in the Southwest region, 5.7% in the Mountain region, 22.5% in the West North Central region, 24.5% in the East North Central region, and 8.3% in the Mideast region.

The fund continues to receive the contractual payments on these properties. Participating income decreased by $124,539 for the six-month period ended June 30, 2006. This was primarily due to several operators that had no participating income in the current period but did in the same period of 2005. Mortgage loan interest income decreased by $77,740 due to the payoff of several properties in July of 2005.

On June 15, 2006, FFCA issued final audited financial statements for the period ending December 31, 2005. Performance returns for the 4th quarter 2005 and 1st quarter 2006 have been revised to reflect FFCA's finalized values. The returns have changed from 2.1% and 3.3% to 19.2% and 2.1%, respectively. The changes, while large for FFCA, had little impact on the total real estate composite and almost no impact on the total fund return for these periods.

Fidelity Investments US Growth Fund II

Fidelity Investments reported a return of 4.7% for the second quarter of 2006. For the one-year period, Fidelity reported a total return of 17.0%

As of June 30, the fund was comprised of thirty-four investments. The portfolio consisted of 30.9% apartment properties; office space accounted for 1.5%; retail accounted for 7.4%; for-sale housing accounted for 30.9%; hotels accounted for 5.9%; self storage made up of 1.5%; land made up of 13.2%; student housing accounted for 7.4%; and golf courses made up the remaining 1.5% of the portfolio. The properties were diversified regionally with 21.7% in the Pacific, 7.2% in the Northeast, 26.1% in the Southeast, 20.3% in the Mideast, 5.8% in the Midwest, 15.9% in the Mountain region, and 2.9% in the Southwest.

The fund experienced a flurry of investment activity during the second quarter. Six new investments were added to the portfolio totaling almost $70 million of committed capital. During the second quarter, two of the fund's investments were successfully realized, bringing the total number or realized investments to six. In May, the fund sold 52/60 L Street, a three-acre land parcel in Washington D.C., which resulted in total income and proceeds of $53.9 million on the fund's original equity investment of $33.4 million. In June, the fund's partner refinanced the mezzanine debt position in Monterey Condominiums, a 551-unit condo conversion project in Las Vegas, Nevada. As a result, the fund received $25.6 million of total income and proceeds on its $16.0 million equity investment.

Hearthstone I & II

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

Given the negative asset values, ongoing calculation of quarterly time-weighted performance for the two funds is not meaningful. (We do include the income in the combined real estate and the total fund performance.) As always for closed end funds, the best measure of performance is the internal rate of return (IRR), shown on page 76. By this measure, the first fund has been a disappointing performer and the second fund a strong one.

Invesco Real Estate Fund I

Invesco Real Estate Fund I reported a second quarter total return of 7.5%. Over the past year, Invesco Real Estate Fund I returned 30.6%. CCCERA has a 15.6% interest in the Real Estate Fund I.

As of June 30, the portfolio consisted of nine properties. The portfolio consisted of 31% retail, 17% industrial properties, 14% office and 38% multi-family. The properties were diversified regionally with 18.9% in the Northeast, 7.8% in the Southeast, 12.4% in the Southwest, 8.6% in the East North Central region, 18.4% in the mountain region and 34.1% classified as "Various MSAs".

The Fund is currently 88% committed on equity capital Invesco expects the remaining capital to be selectively placed by the end of the investment period – April 30, 2007. Additionally, the Fund will look to re-invest equity commitments from assets that have already sold, should prudent investment opportunities warrant. Focus will continue to be on coastal markets given the Fund's current level of exposure to mid-continent MSAs, and product preference will be to office and industrial. The timing of the Fund's next capital call is likely to be in September or October.

Prudential Strategic Performance Fund II

For the second quarter, the Prudential Strategic Performance Fund-II (SPF-II) reported a total return of 28.7%, 2.5% from income and 26.2% from appreciation. Over the one year period, the fund returned 53.2%, 6.6% from income and 46.7% from appreciation. CCCERA accounts for 16.2% of SPF-II.

As of June 30, the portfolio was invested in 12 properties: two office properties (17.6%), nine residential complexes (71.8%), and one retail (10.6%). The regional distribution of the portfolio is 3.8% in the Southeast region, 13.8% in the Southwest region, 15.3% Northeast, 18.7% Mountain, and 48.4% Mideast. Current occupancy at the office buildings averages 100%, remaining the same from last quarter. The residential properties are 78% leased, higher than the last quarter. The retail properties are 89% leased, lower than last quarter.

SPF-II's investor equity commitments total approximately $237.3 million. The Fund can leverage up to 40% of gross market value of its assets. From inception to June 30, 2006, SPF-II has drawn approximately $205.5 million (86.6%) of the capital committed by the investors.

As of June 30, 2006, SPF-II declared a dividend of $122.63 per share or approximately $9.1 million for the second quarter 2006. The dividend was paid to investors on July 31, 2006. Since inception, SPF-II has paid dividends of approximately $158.4 million or 77.1% of the total capital called from investors. Dividend distributions, which investors can elect to re-invest, are anticipated to continue to be paid on a quarterly basis.

During the second quarter, SPF-II declared a $68.5 million distribution representing a $41.2 million return of capital and $27.3 million gain generated from the sale of 1090 Vermont Ave, Nortel Office Building and Ardenwood Corporate Commons. As of July 31, 2006, SPF-II has returned $142.4 million of capital representing 69.3% of the total capital called from investors.

U.S. Realty

For the second quarter, US Realty reported a total return of 3.7%. For the one-year period, US Realty reported a total return of -18.9%. CCCERA has a 33.3% interest in the investment.

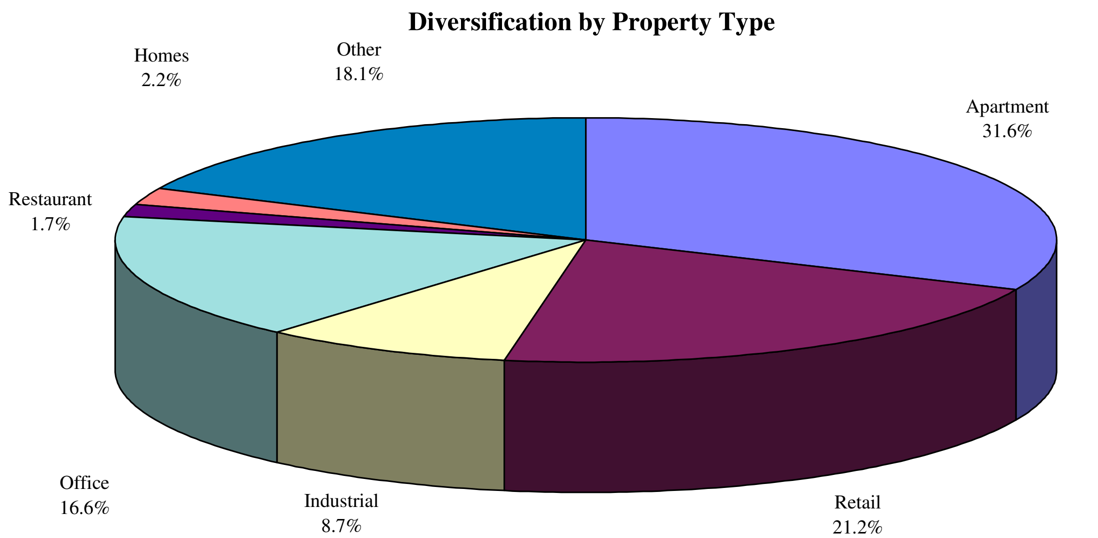
As of June 30, the portfolio held one investment: Four Allegheny Center (an office property). Four Allegheny Center is a 242,490 gross square foot office building with 231,426 square feet of net rentable area located in what is known as the Northshore area of Pittsburgh, Pennsylvania. The tenant under the lease is Allegheny General Hospital, which is current on its lease obligations. West Penn Allegheny Health System, which was formed in 2000, has assumed AGH's obligation under the lease.

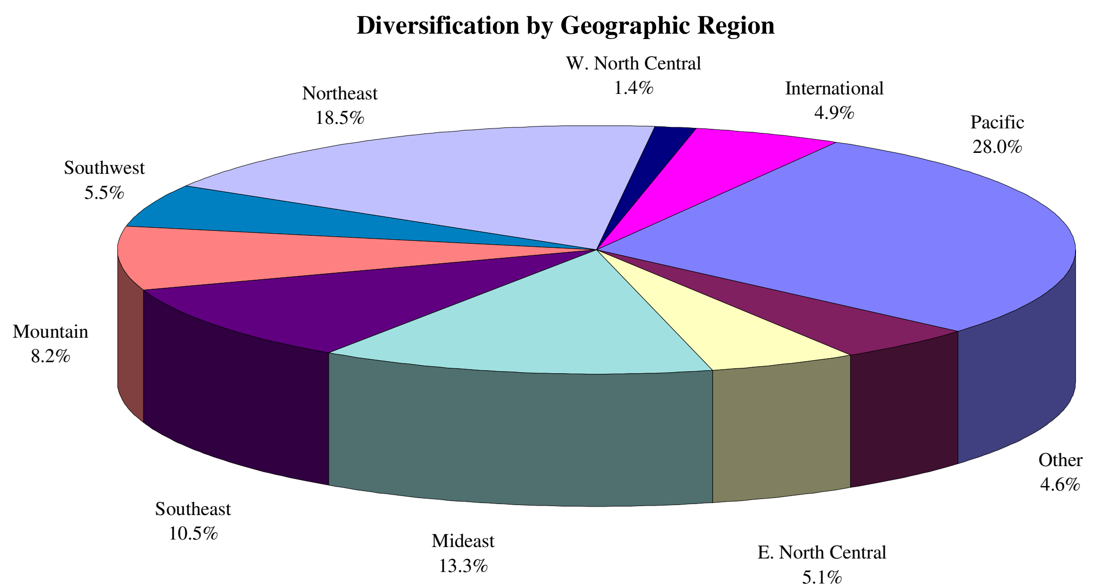
In response to the request of the Members of the Fund, Four Allegheny Center, was offered for sale through a national brokerage firm. The decision to seek a purchaser for Four Allegheny was made by the Members of the Fund based on their desire to liquidate the Fund.

US Realty's efforts to close the sale of the property to Patriot Equity of Wayne, Pennsylvania were unsuccessful because the Patriot could not obtain the debt financing that it required. The Patriot transaction would have required the Fund to pay the prepayment penalty of the existing debt of approximately $1.10 million, which meant that the effective purchase price was approximately $15.9 million. Since that time, US Realty has continued to seek offers for the property from other investor groups. There have been several offers under $15.0 million, but the firm is seriously pursuing one offer at $15.25 million (subject to the existing debt, which could mean an effective price of $15.25 million) from Ander Properties LLC of Spring Valley New York. US Realty will continue to pursue this and other possible offers.

MANAGER COMMENTS – REAL ESTATE

Total Real Estate Diversification





MANAGER COMMENTS - ALTERNATIVE INVESTMENTS

Adams Street Partners

Adams Street reported a first quarter return of 5.8% for the Partnership Trust. For the one-year period, Adams Street has returned 22.6%. (Performance lags by one quarter due to financial reporting constraints. This is typical for this type of investment vehicle.) The portfolio will still be acquiring investments for several years. CCCERA makes up 3.0% of the Fund.

The Fund is comprised of 37.8% venture capital funds, 7.5% in mezzanine funds, 36.6% in buyout funds, 11.7% in special situation funds, and 6.4% in restructuring/distressed debt. Geographically, 82.3% of the commitment is in the U.S. and 17.7% is non-U.S.

Bay Area Equity Fund

Bay Area Equity Fund reported a first quarter return of -8.4% (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned -1.4%. CCCERA has a 12% ownership interest in the Fund.

Through the first quarter, the portfolio has invested $24.85 million in 11 companies. Another $17 million is reserved for follow-on investments in current portfolio companies, for a total of about $42 million in total funds committed to date. The properties were invested regionally with 100% in California.

Energy Investors - US Power Fund I

The Energy Investors Fund Group (EIF) reported a first quarter return of 2.8%. CCCERA has a 12.0% ownership interest in Fund I. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF reports a total return of 32.2%.

The United States Power Fund (USPF) had a final closing at $250 million in December 2003, has committed 100% of its capital, and as of March 30, 2005 had distributed $121 million in cash to its Limited Partners

Energy Investors - US Power Fund II

Energy Investors reported a first quarter return of 4.2% for US Power Fund II. CCCERA has a 19.7% ownership interest in EIF. (Performance lags by one quarter due to financial reporting constraints.)

On October 28, 2005, The United States Power Fund II (USPF II) closed with $750 million of commitments, which was $250 million over its original target of $500 million. By the first quarter of 2006, USPF II had already invested in nine projects, including six generation and three transmission assets and distributed $5 million in cash to its Limited Partners.

Nogales Investors Fund I

The Nogales Investors Fund I reported a first quarter return of 1.1%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Nogales has returned 14.0%. CCCERA makes up 15.2% of the Fund.

On January 5, 2006, the Fund distributed $226,047 to all Partners in connections with the Fund's investment in G.I. Joe's, Inc. ("GIJ"), Alfa Leisure Inc., and Chicks Sporting Goods, Inc. ("Chicks").

On February 23, 2006, the Fund distributed $2,767,449 to the Partners. Of this amount, $2,541,402 was specifically related to the investment in GIJ. The distribution amount was comprised of a $1 million pay down of principal on the subordinate note and the repayment of $1,496,402 of Payment in Kind (PIK) interest. The Fund also received a $45,000 fee from GIJ in conjunction with the transaction. The remaining $226,047 distribution amount was in connection with the Fund's investment in GIJ, Alfa Leisure, and Chick's.

March 3, 2006, the Fund distributed $196,394 to the Limited Partners in connection with the Fund's investment in GIJ, Alfa Leisure, and Chick's.

Pathway Private Equity Fund

The Pathway Private Equity Fund (PPEF) reported a first quarter return of 4.0% (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, PPEF reports a total return of 38.0%. PPEF contains a mixture of acquisition-related, venture capital, and other special equity investments.

As of March 31, 2006, the PPEF portfolio has made $36.2 million in investments, an increase of $2.1 million from the prior quarter. During the quarter, the Fund received $2.5 million in distributions, which exceeded new investments by $0.4 million. As of March 31, the PPEF portfolio has received cumulative distributions of $15.4 million.

PT Timber Fund III

John Hancock reported for Fund III a second quarter return of 1.5%. For the one-year period, John Hancock reports a total return of 9.1%. CCCERA makes up 12.3% of the Fund III.

As of the end of the second quarter, PT timberland portfolio was comprised of six properties totaling 78,326 acres: Tyrell in North Carolina, Covington in Alabama and Florida, Bonifay in Florida, Choctaw in Mississippi, Alexander Plantations LLC in Alabama, Louisiana and Mississippi, and Hamakua in Hawaii.

Net cash from operations (year-to-date) for the portfolio is ahead of plan, although market conditions across much of the portfolio's management area have been relatively weak due to high mill inventories caused by increased logging activities in the region brought about by dry weather and the impact of ongoing hurricane salvage. Opportunistic timber sales on the Alexander property, along with unbudgeted salvage from Hurricane Katrina damaged stands on the Choctaw property, were the main drivers of the positive variance. Rotation-end harvest sales on the

Covington and Bonifay properties were put on hold pending a new higher-and-better-use (HBU) land sale strategy that will require select cutting and is expected to being in the third quarter.

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

REAL ESTATE AND ALTERNATIVE INVESTMENT PORTFOLIO IRR RETURNS

	Gross of Fees		Net of Fees		
	Fund Level IRR	**CCCERA IRR**	**Fund Level IRR**	**CCCERA IRR**	**Inception**
REAL ESTATE					
BlackRock Realty	**32.5%**	***n/a***	**26.9%**	***n/a***	**11/19/04**
DLJ RECP I	**17.0%**	***n/a***	***n/a***	**10.0%**	**05/14/96**
DLJ RECP II	**30.0%**	***n/a***	***n/a***	**21.0%**	**09/24/99**
DLJ RECP III	**60.0%**	***n/a***	***n/a***	**24.0%**	**06/23/05**
FFCA	***n/a***	***n/a***	***n/a***	***n/a***	**03/11/92**
Fidelity Growth Fund II	**18.9%**	**12.9%**	**14.4%**	**11.9%**	**03/10/04**
Hearthstone I	***n/a***	***n/a***	**4.2%**	**4.2%**	**06/15/95**
Benchmark [1]	*n/a*	*n/a*	17.0%	17.0%	
Hearthstone II	***n/a***	***n/a***	**31.0%**	**31.0%**	**06/17/98**
Benchmark [2]	*n/a*	*n/a*	17.0%	17.0%	
Invesco Real Estate I	**31.8%**	**31.8%**	**29.9%**	**29.9%**	**2/1/2005**
Prudential SPF II	***n/a***	**13.2%**	***n/a***	**11.6%**	**05/14/96**
U.S. Realty	**12.6%**	**12.6%**	**11.8%**	**11.8%**	**10/10/95**
ALTERNATIVE INVESTMENTS					
Adams Street Partners	*n/a*	**16.3%**	***n/a***	**13.2%**	**12/22/95**
Benchmark [3]	*n/a*	*n/a*	*n/a*	*n/a*	
Benchmark [4]	*n/a*	*n/a*	*n/a*	*n/a*	
Bay Area Equity Fund	**0.2%**	**0.2%**	**-19.8%**	**-21.5%**	**06/14/04**
EIF US Power Fund I	**30.9%**	**39.7%**	**25.3%**	**31.9%**	**11/26/03**
EIF US Power Fund II	**2.3%**	**2.3%**	**-17.2%**	**-17.2%**	**08/16/05**
Nogales	**14.7%**	**12.4%**	**3.0%**	**2.3%**	**02/15/04**
Pathway	**9.0%**	**9.0%**	**6.4%**	**6.4%**	**11/09/98**
Benchmark [5]	11.7%	*n/a*	*n/a*	*n/a*	
Benchmark [6]	-4.5%	*n/a*	*n/a*	*n/a*	
PruTimber	***n/a***	***n/a***	**2.4%**	**2.4%**	**12/12/95**

Benchmarks:

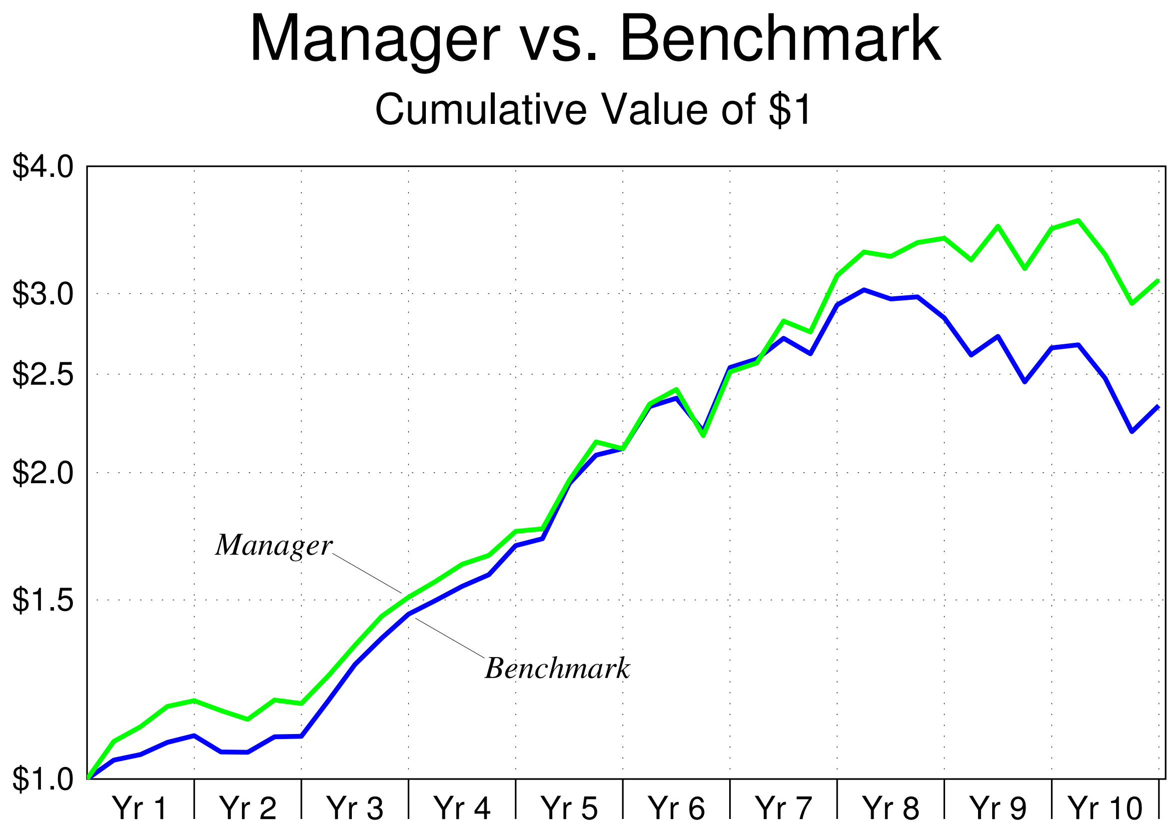
Adams Street Partners

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

Pathway

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

How to Read the Cumulative Return Chart:

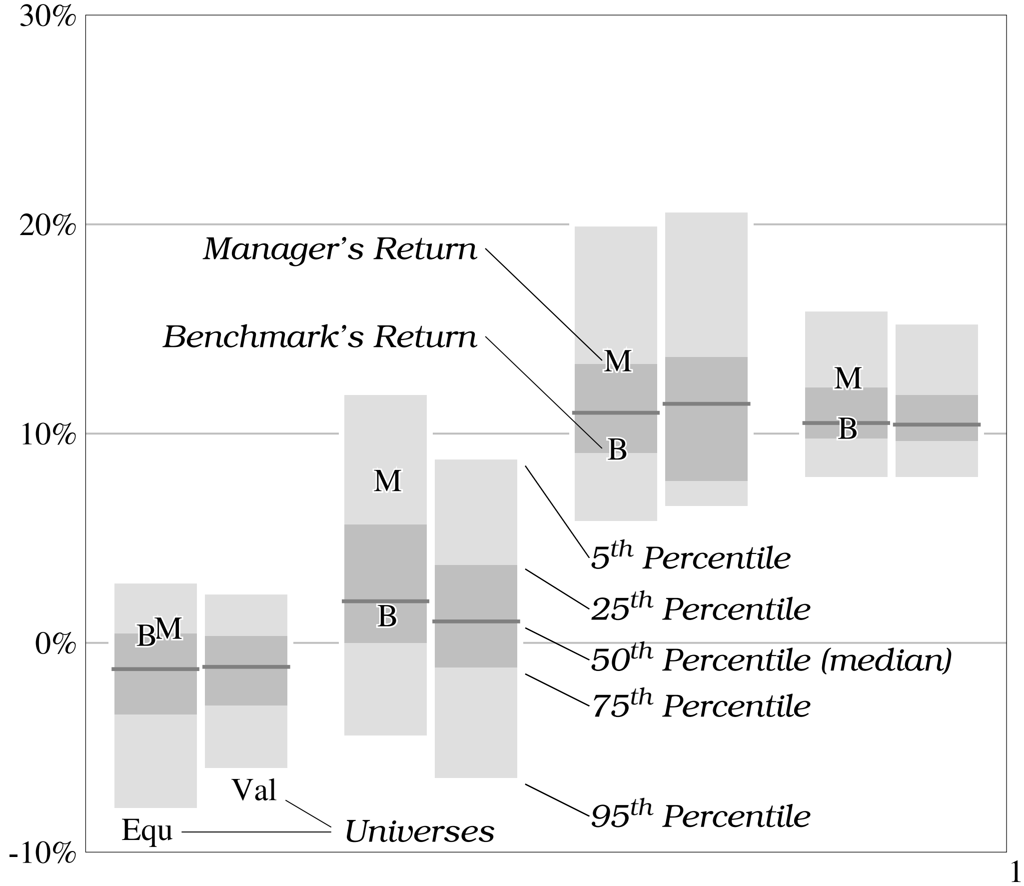


This chart shows the growth of $1 invested in the 1st quarter of Year 1 with the manager vs. $1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if $1 had been invested with the manager at the beginning of the 1st quarter of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

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

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

How to Read The Floating Bar Chart:



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

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

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

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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