



AGENDA

RETIREMENT BOARD MEETING

SPECIAL MEETING
9:00 a.m.

October 16, 2014

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.
2. Accept comments from the public.
3. Discussion with consultant and staff regarding managers scheduled to present.
4. Manager discussions:

9:15 a.m. – 10:15 a.m.

Topic: Demographics and Investment Implications
Presenter: Michael Strauss, Stephen Lanzo, Commonfund

10:15 a.m. – 10:45 a.m.

Topic: Shipping as an Investment Opportunity
Presenter: Laura Randolph, Frances Maletis, Oaktree Capital

11:00 a.m. – 12:30 p.m.

Topic: PIMCO Organizational and Personnel Review
Presenters: Jay Jacobs, Stephanie King, PIMCO

5. Miscellaneous
 - a. Staff Report
 - b. Outside Professionals' Report
 - c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a meeting.



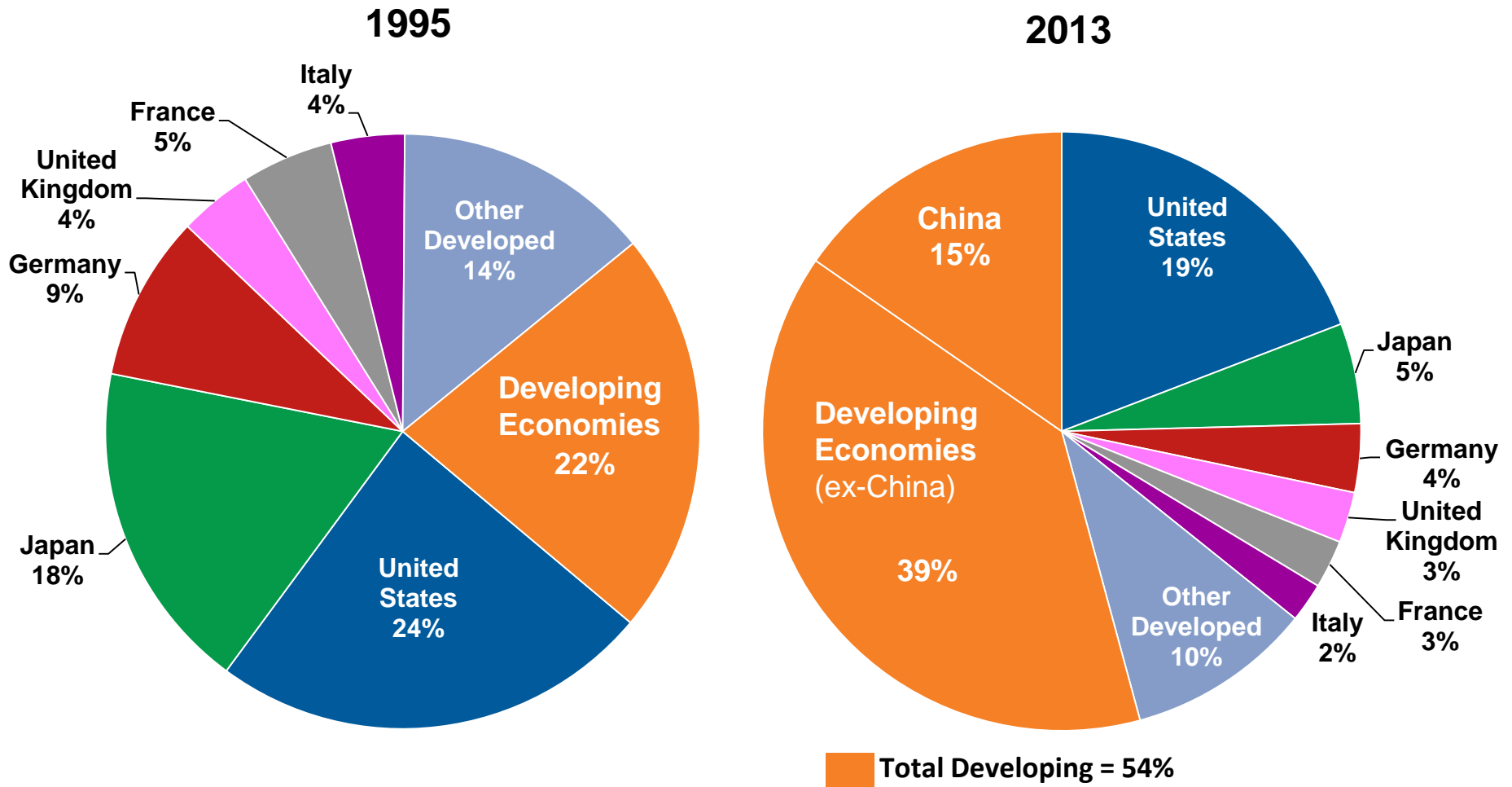
Demographics, the Economy and Investment Implications

CCCERA Special Board Meeting

Michael Strauss
Chief Economist and
Chief Investment Strategist

October 16, 2014

The Shifting Patterns of World GDP



During the last 17 years World GDP growth has doubled, but developing economies have increased from 22 percent to more than 50 percent of World GDP, representing a 4X increase since 1995.

Sources: ISI, CIA World Factbook estimates, (PPP basis)

Demographics As Destiny

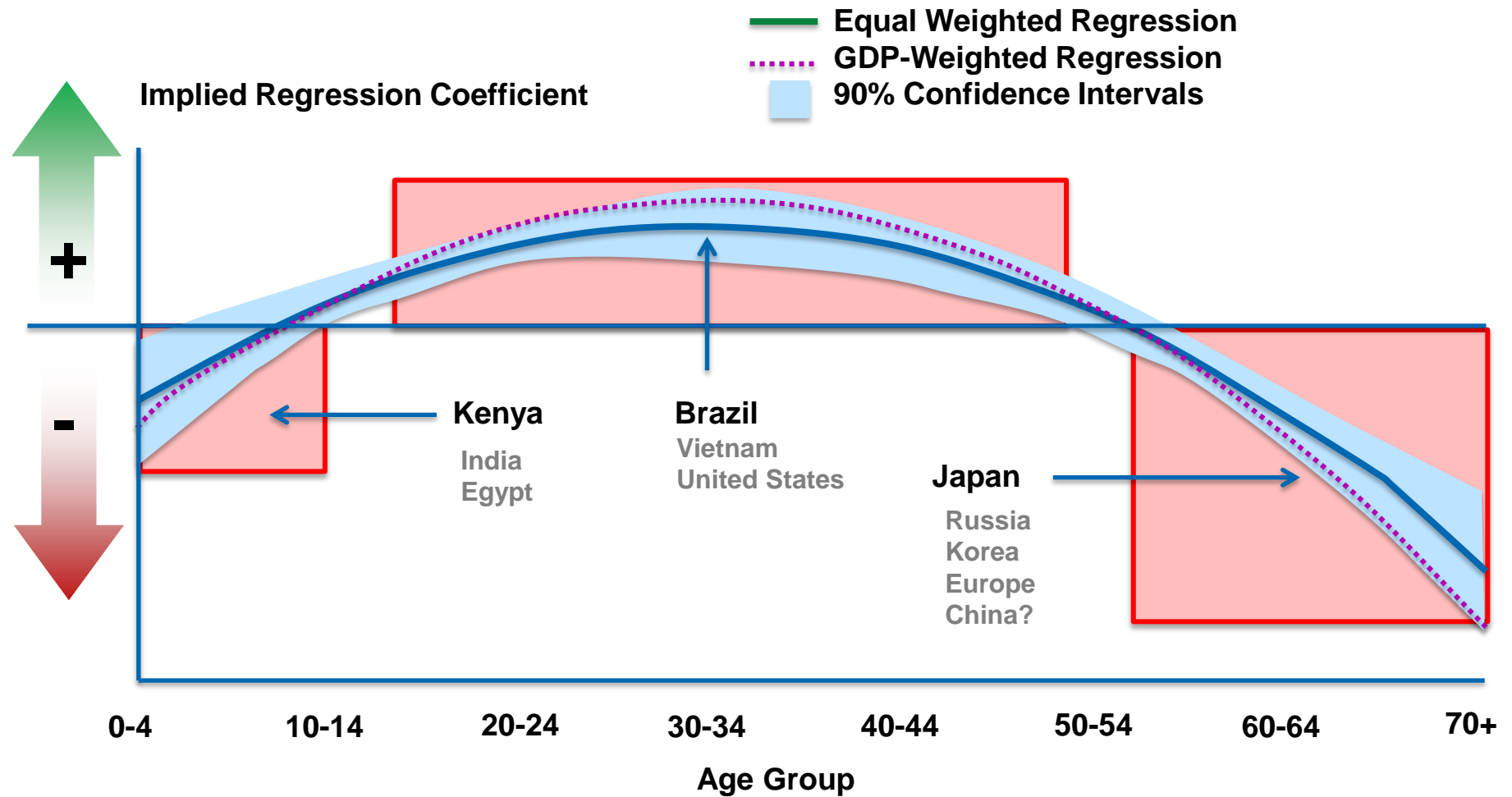
The growth rate of the working age population has a powerful **positive** impact on GDP growth.

The growth rate of the total population has a **negative** impact.

A 1.0 percent **increase** in the growth rate of the working age population causes about a 1.5 percent **increase** in economic growth.

Please see "Important Notes – Market Commentary."

GDP Growth and Demographic Shares

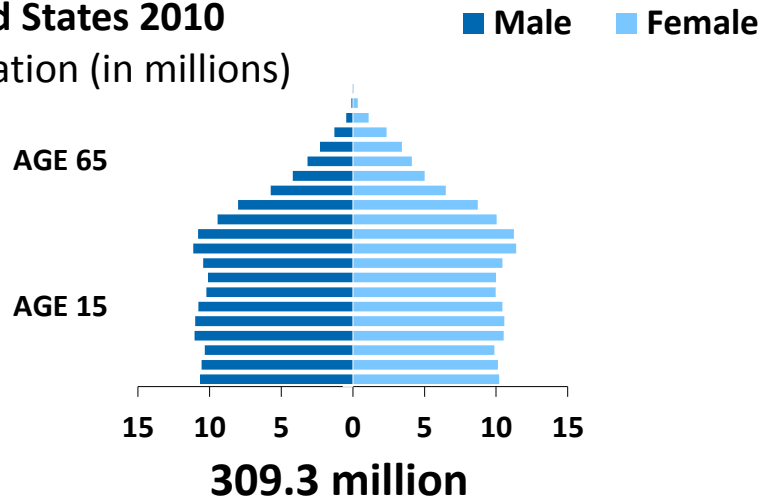


Demographic Changes, Financial Markets and the Economy, Arnott & Chaves, Financial Analysts Journal, Volume 68, number 1

The Developed World's Challenge

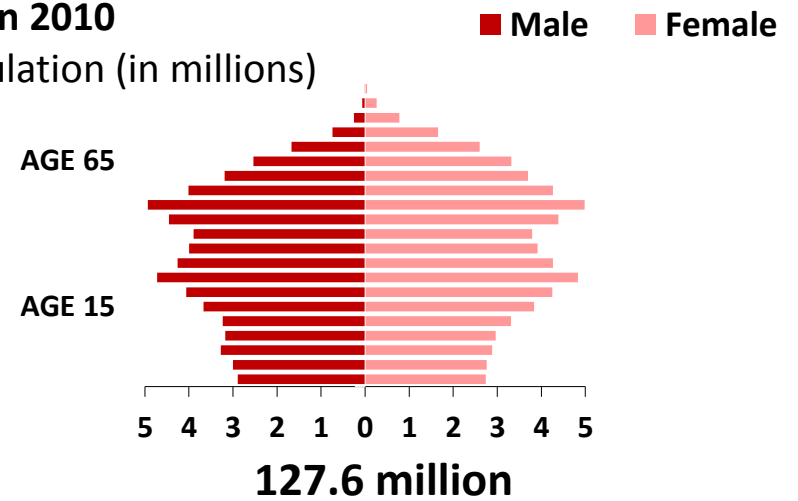
United States 2010

Population (in millions)



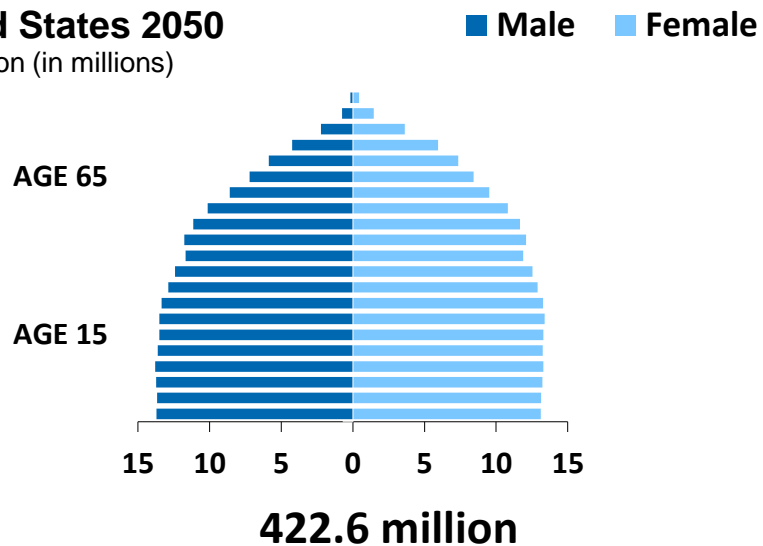
Japan 2010

Population (in millions)



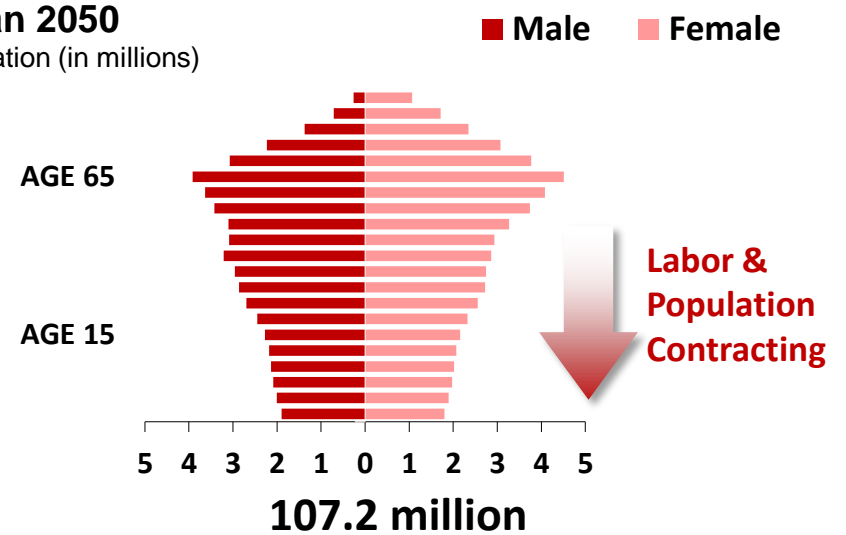
United States 2050

Population (in millions)



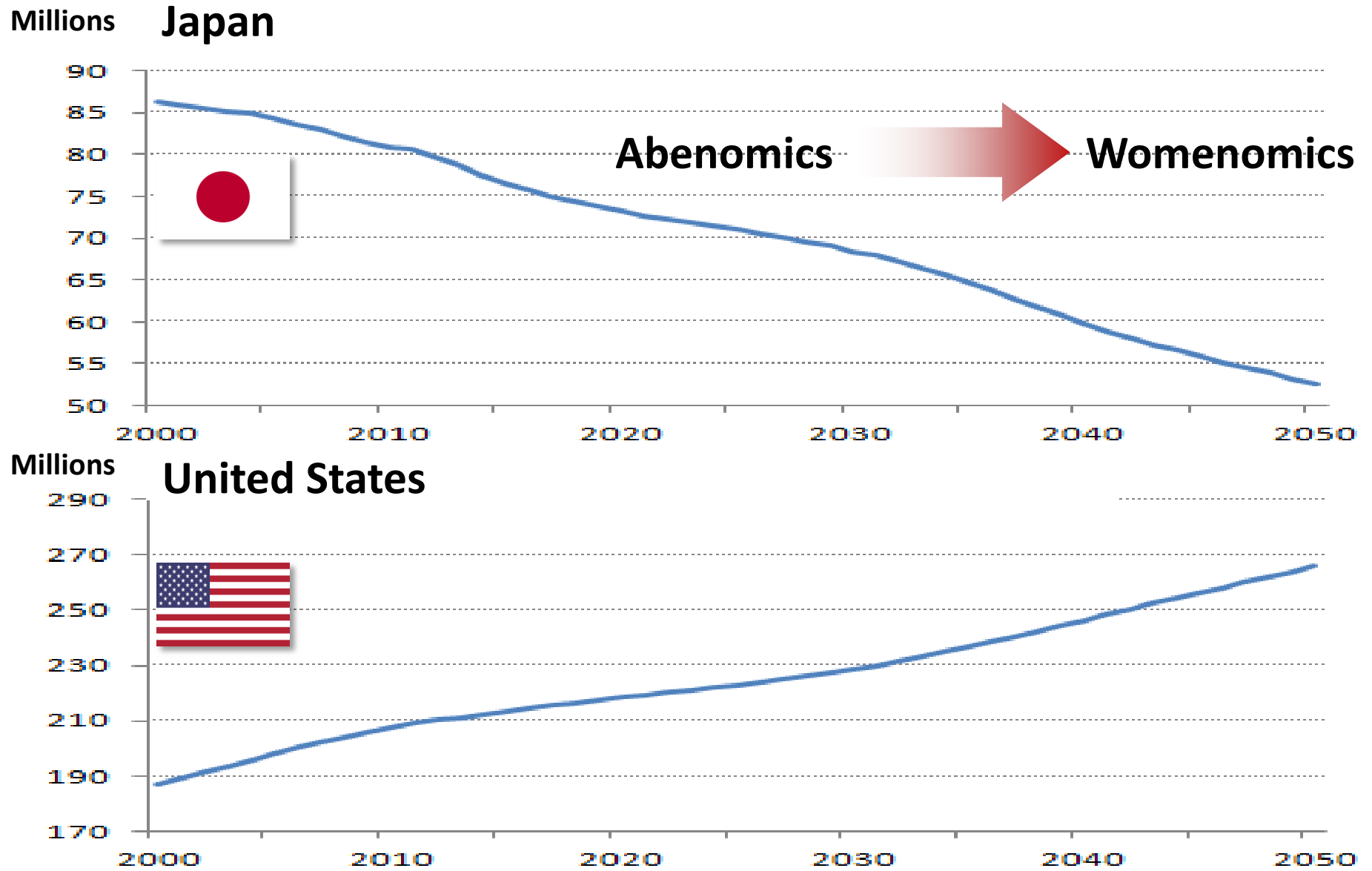
Japan 2050

Population (in millions)



Source: U.S. Census Bureau

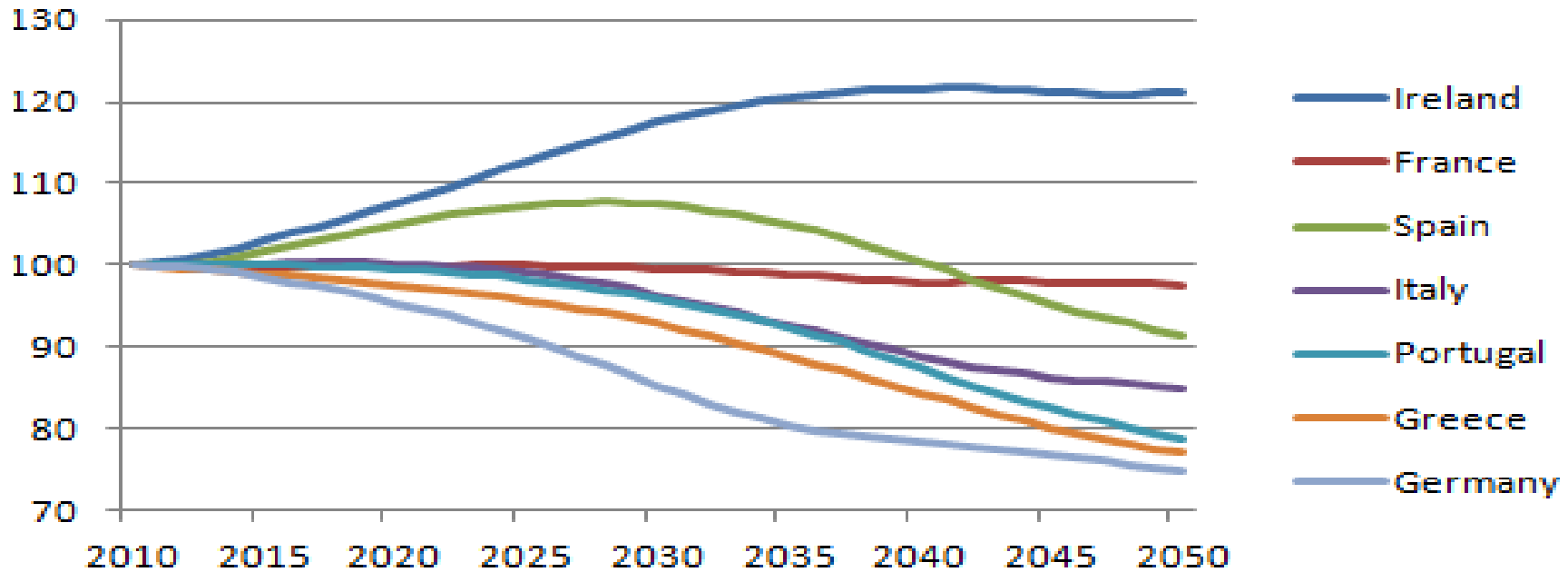
Working Age Population | Japan vs. United States



Source: ISI Group, US Census Bureau

Working Age Population

Index, 2010=100

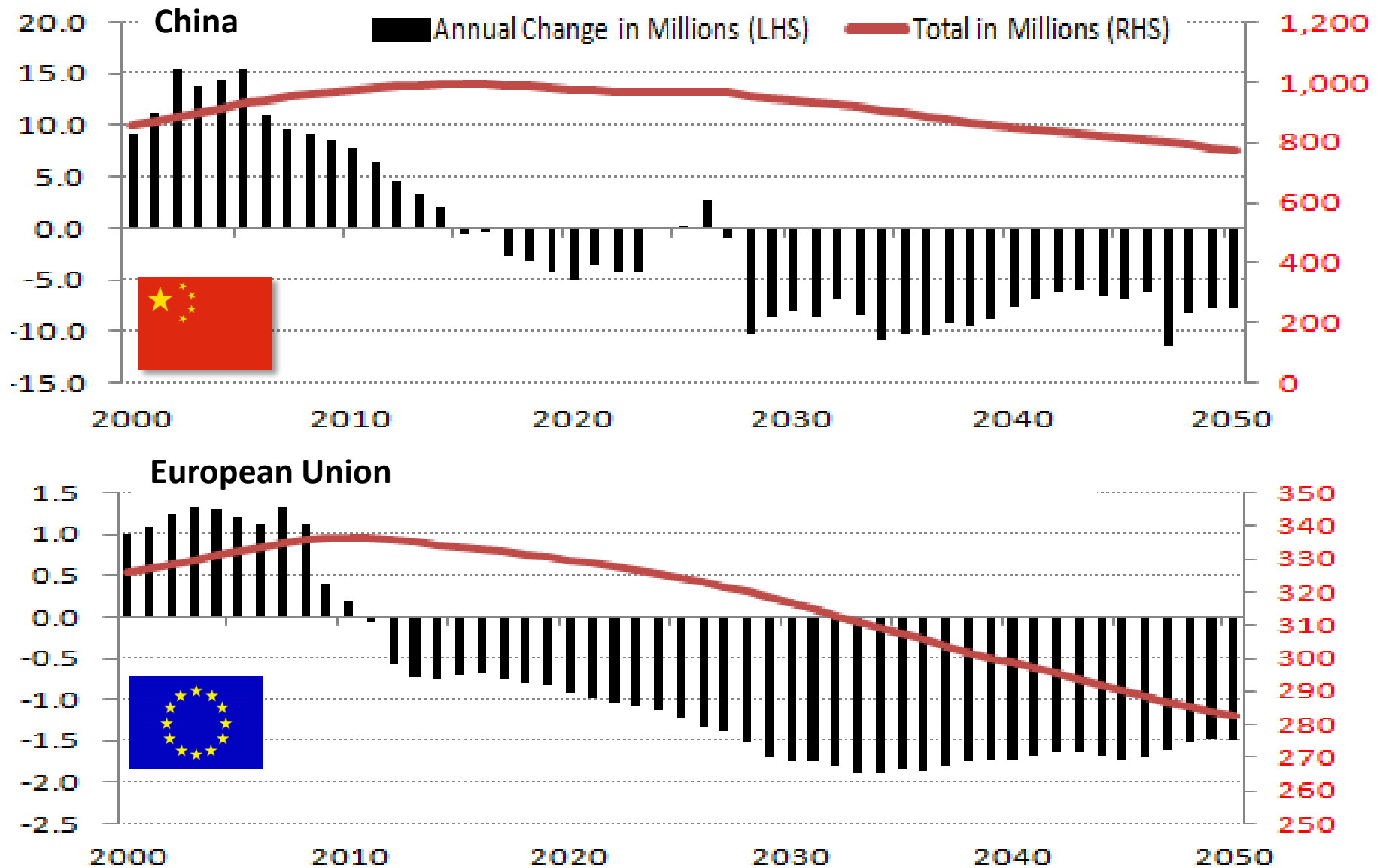


Percent Change in Working Age Population Relative to 2010

	Ireland	France	Spain	Italy	Portugal	Greece	Germany
2020	7.5	-0.2	5.0	0.2	-0.4	-2.4	-4.6
2030	17.4	-0.4	7.4	-3.6	-4.1	-7.1	-14.7
2040	21.6	-2.0	0.5	-11.1	-12.5	-15.6	-21.5
2050	21.2	-2.3	-8.5	-15.0	-21.2	-23.0	-25.2

Source: US Census Bureau International Data Base; ISI.

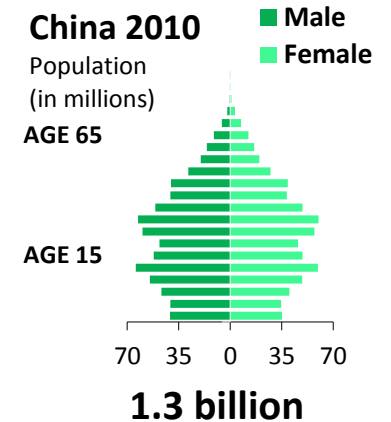
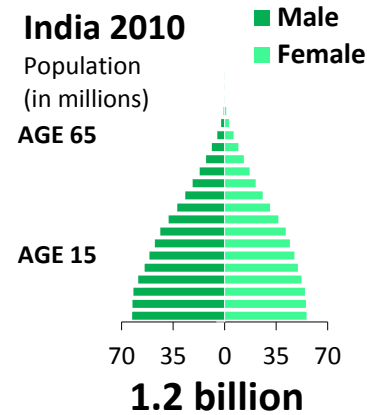
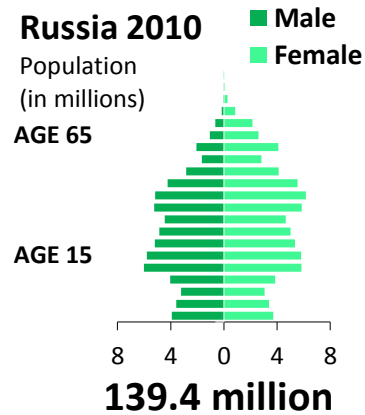
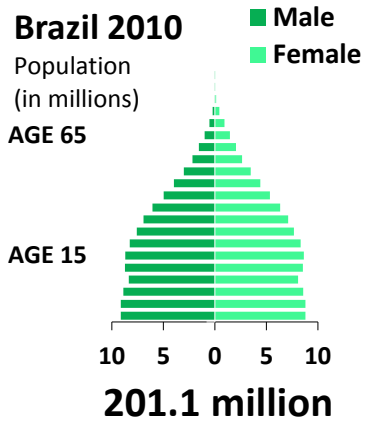
Working Age Population | China vs. European Union



Source: ISI Group, US Census Bureau

Population Demographics | BRICs

Brazil, Russia, India & China



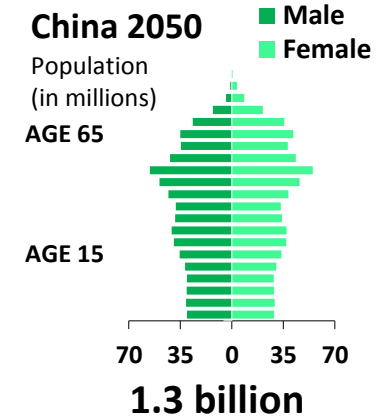
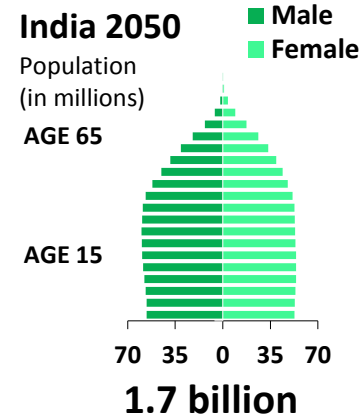
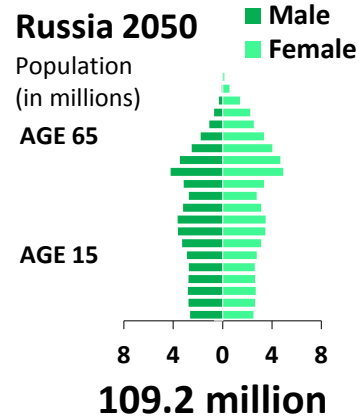
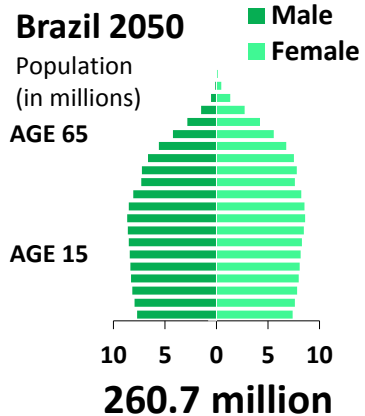
2020

211.7 million

141.7 million

1.3 billion

1.4 billion

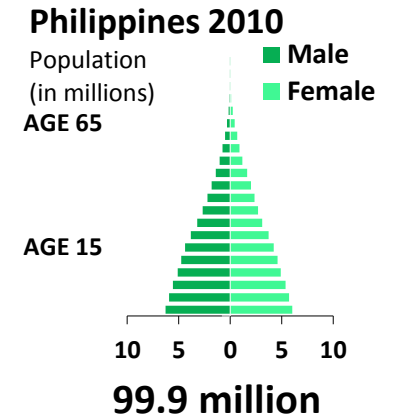
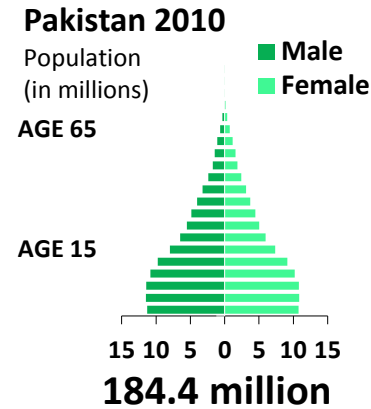
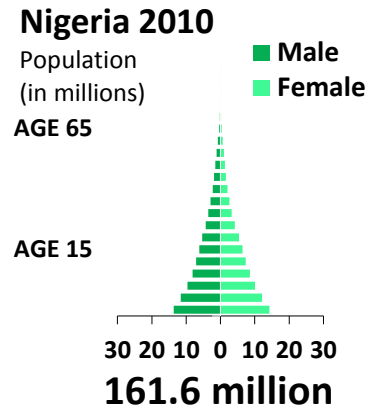
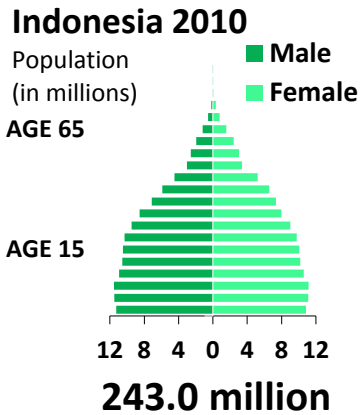


Labor & Population Contracting

Labor Contracting

Source: U.S. Census Bureau

Population Demographics | Watch the N11

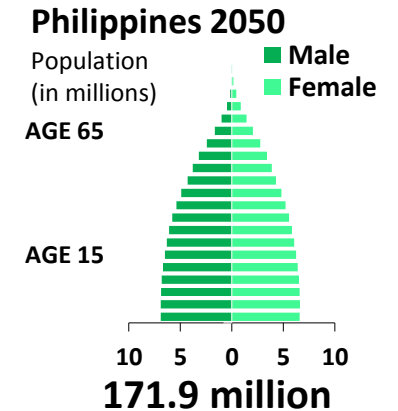
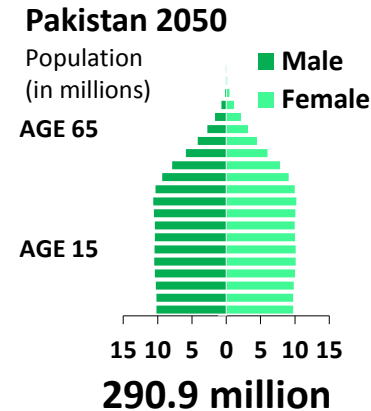
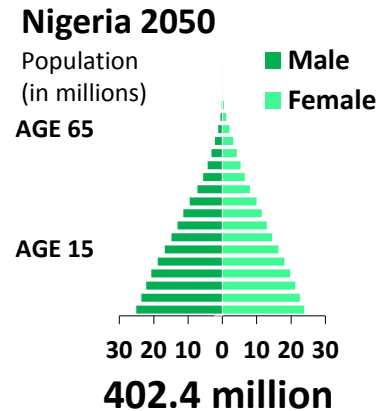
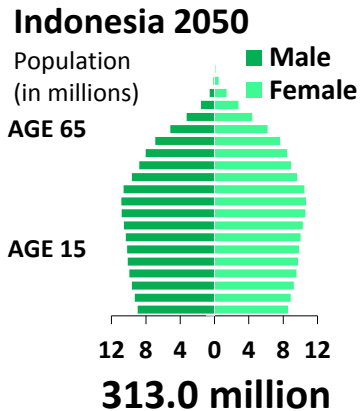


2020
267.0 million

207.7 million

213.7 million

119.3 million



Good

Dangerous

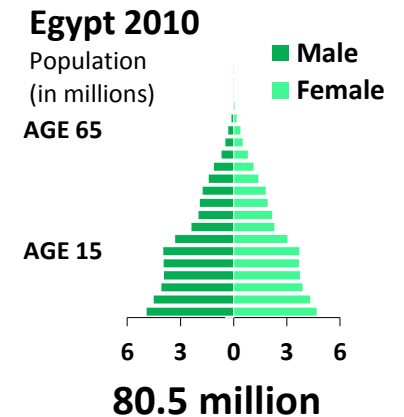
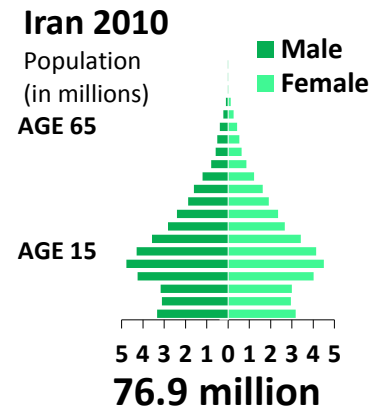
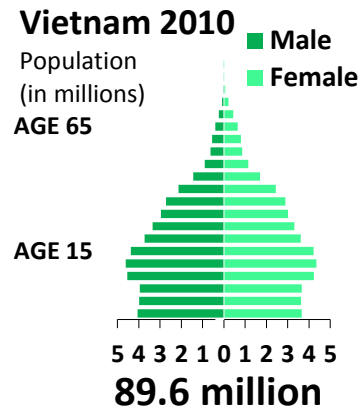
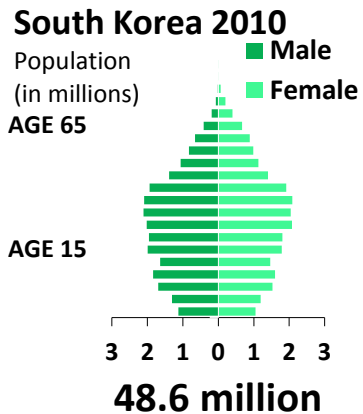
Dangerous

Good

Source: U.S. Census Bureau

Population Demographics | Watch the N11

South Korea has emerged, Vietnam is emerging, but the Middle-East is the Challenge



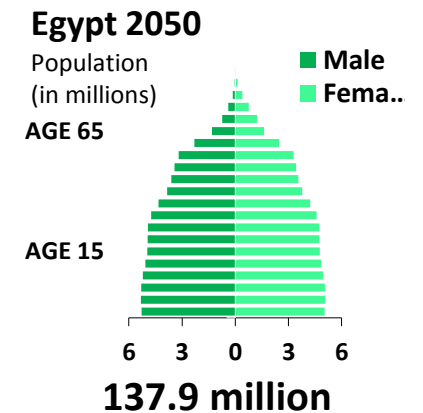
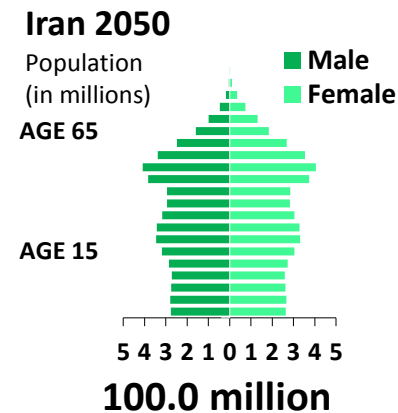
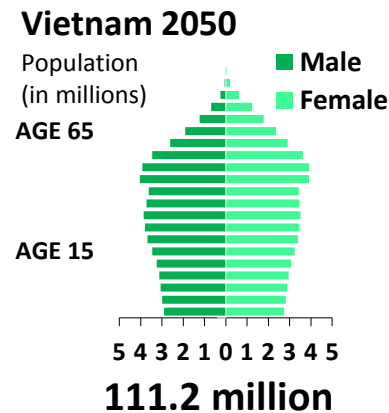
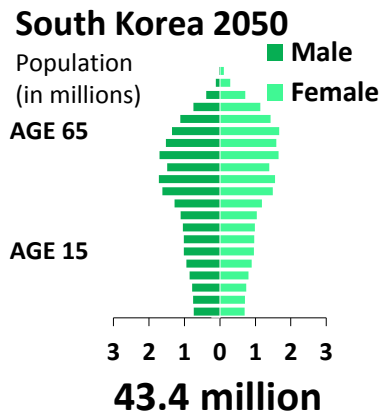
2020

49.4 million

98.7 million

86.5 million

96.3 million



Labor Contracting

Good

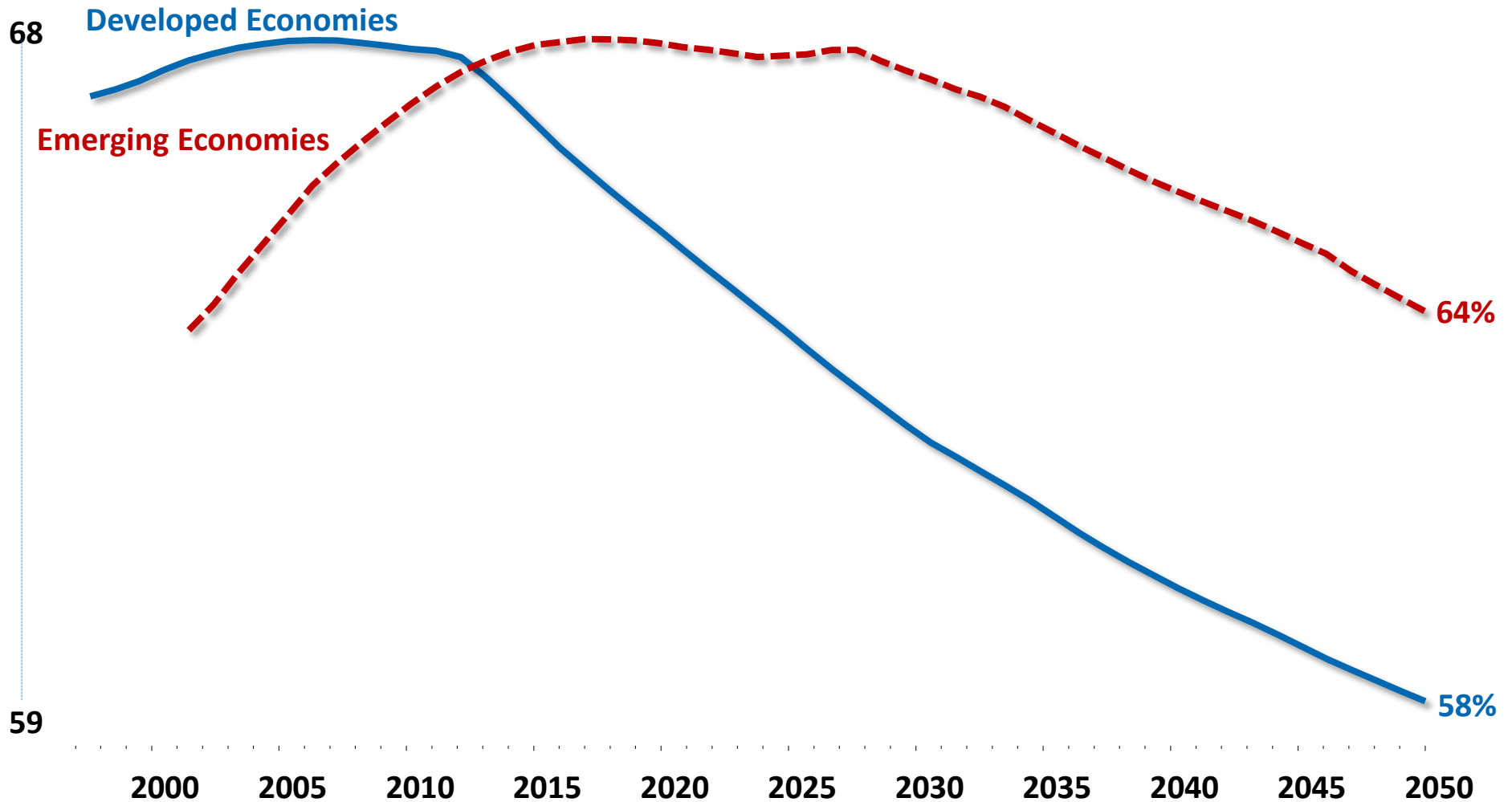
Dangerous

Dangerous

Source: U.S. Census Bureau

Working Age Population | Developed vs. Emerging Economy

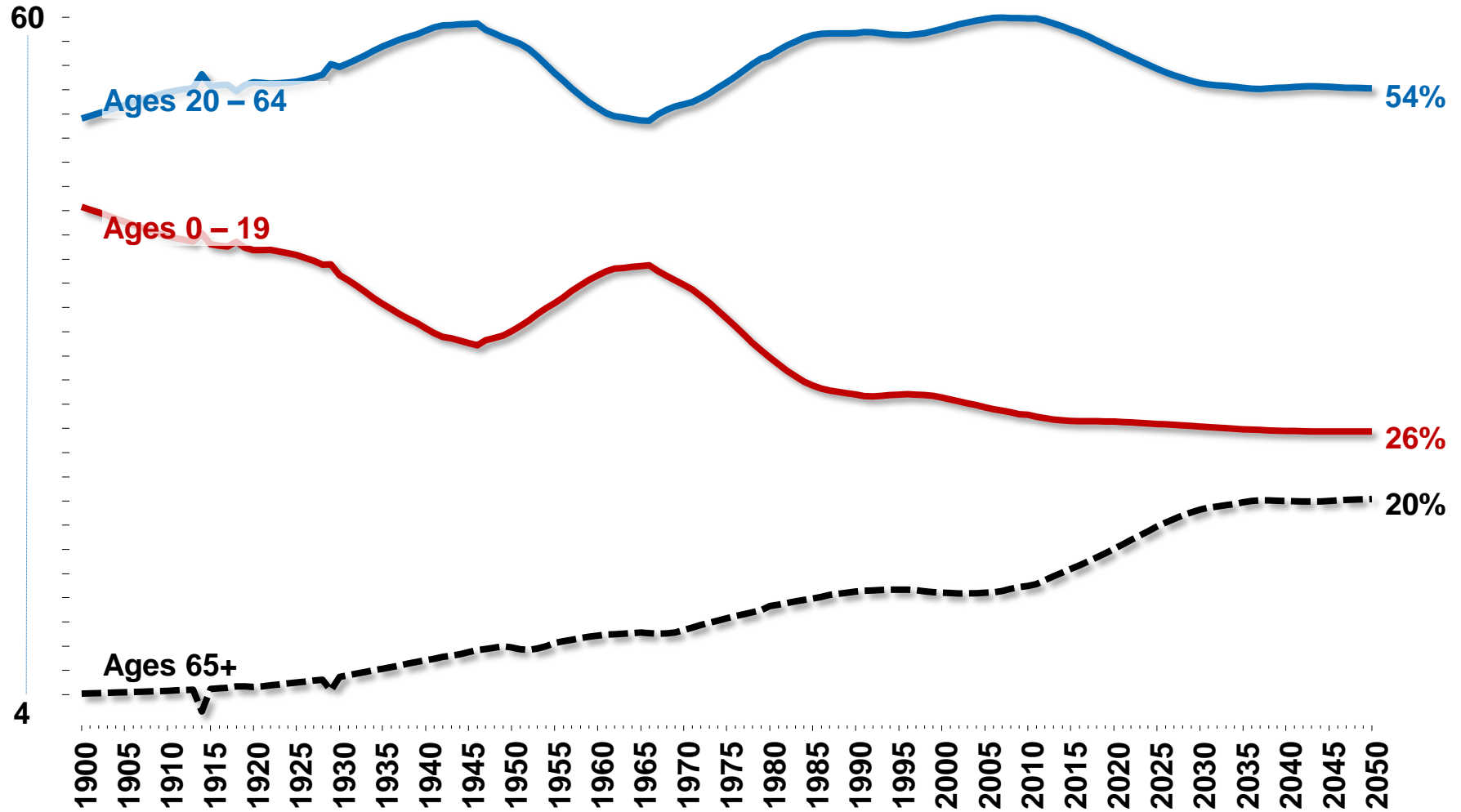
(Ages 15-64) as a % of Total Population | Yearly Data 12/31/1996 - 12/31/2050 (Log Scale)



Source: Ned Davis Research, (IE819) U.S. Census Bureau

United States Population By Age

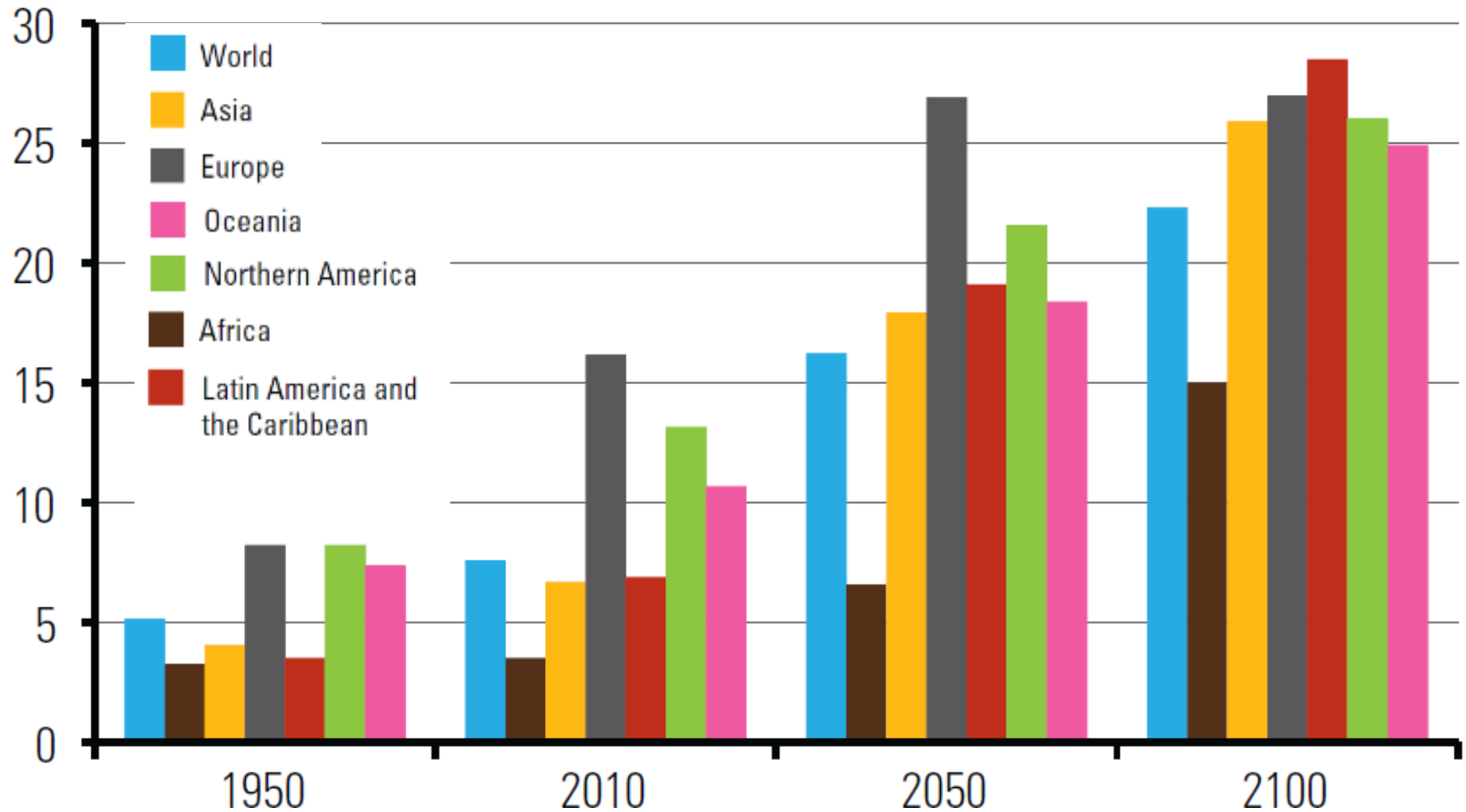
(as a % of Total Population) Yearly Data 12/31/1900 - 12/31/2050



Source: Ned Davis Research E985A) U.S. Census Bureau

Aging Populations

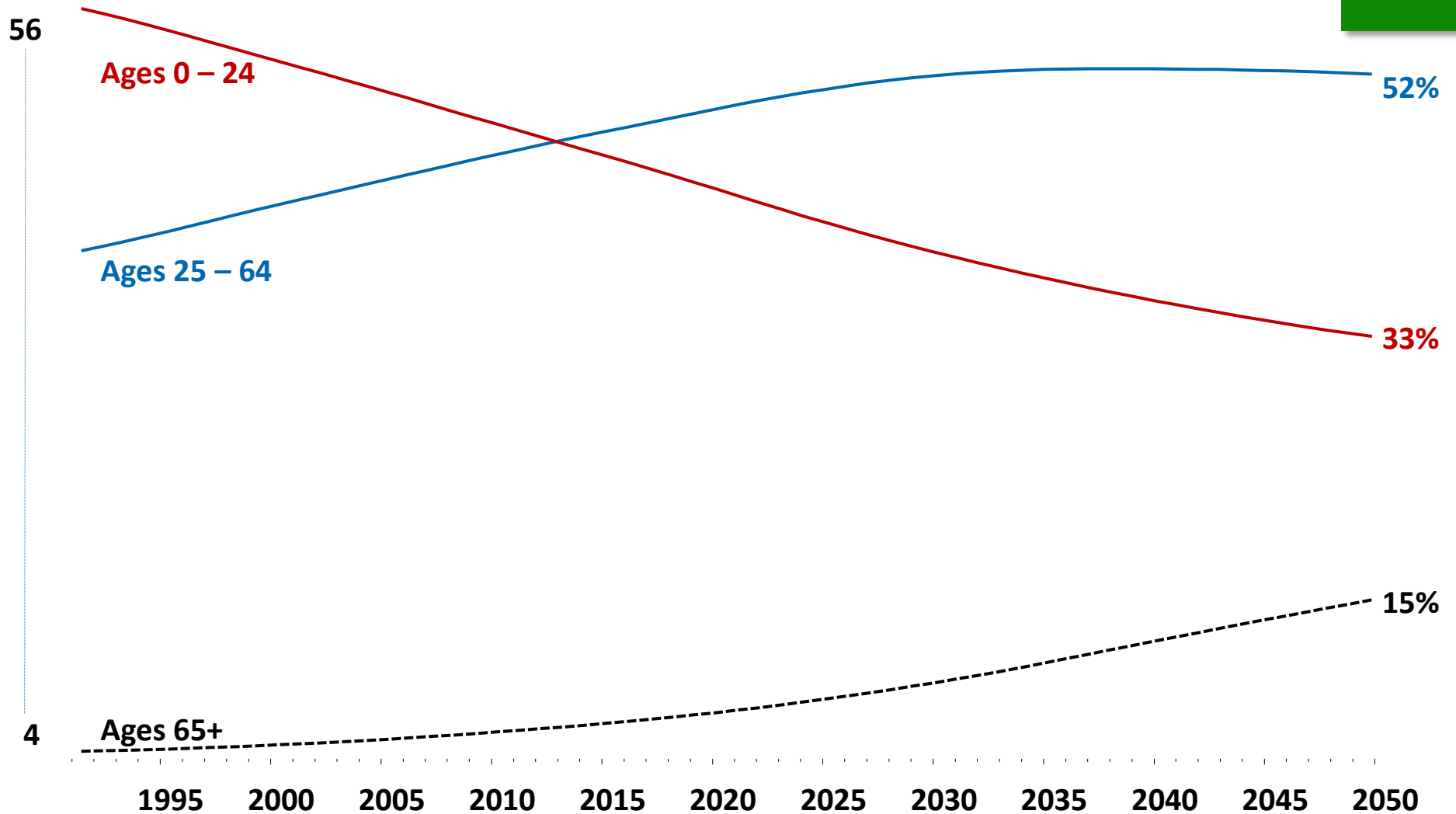
Percentage of population older than 65 by major area



Source: United Nations, Department of Economic and Social Affairs, Population Division (2011). World Population 2010 (Wall Chart). ST/ESA/SER.A/307.

Population By Age | India

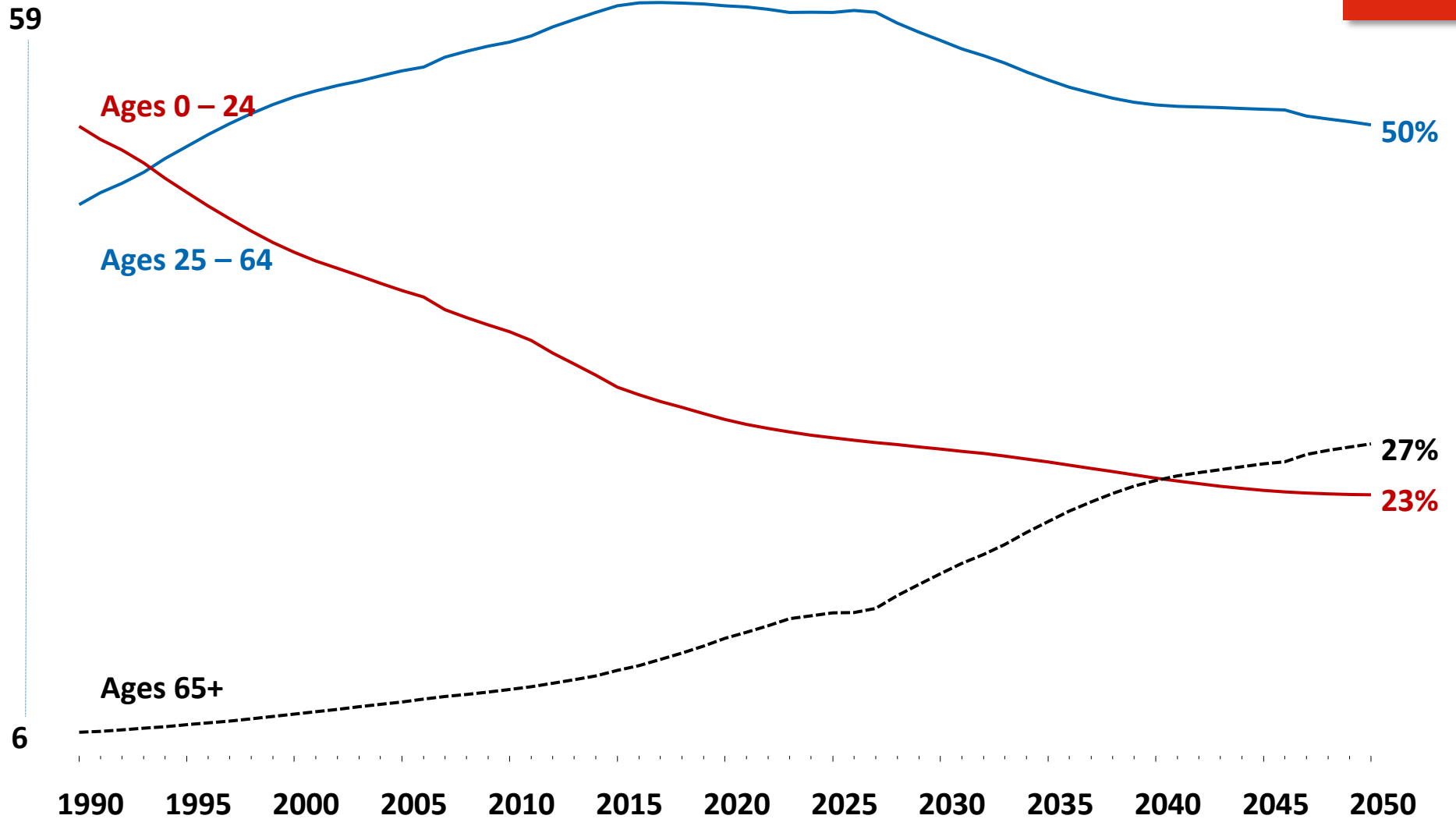
(as a % of Total Population) Yearly Data 12/31/1991 - 12/31/2050



Source: Ned Davis Research, (IE20800) Source: U.S. Census Bureau

Population By Age | China

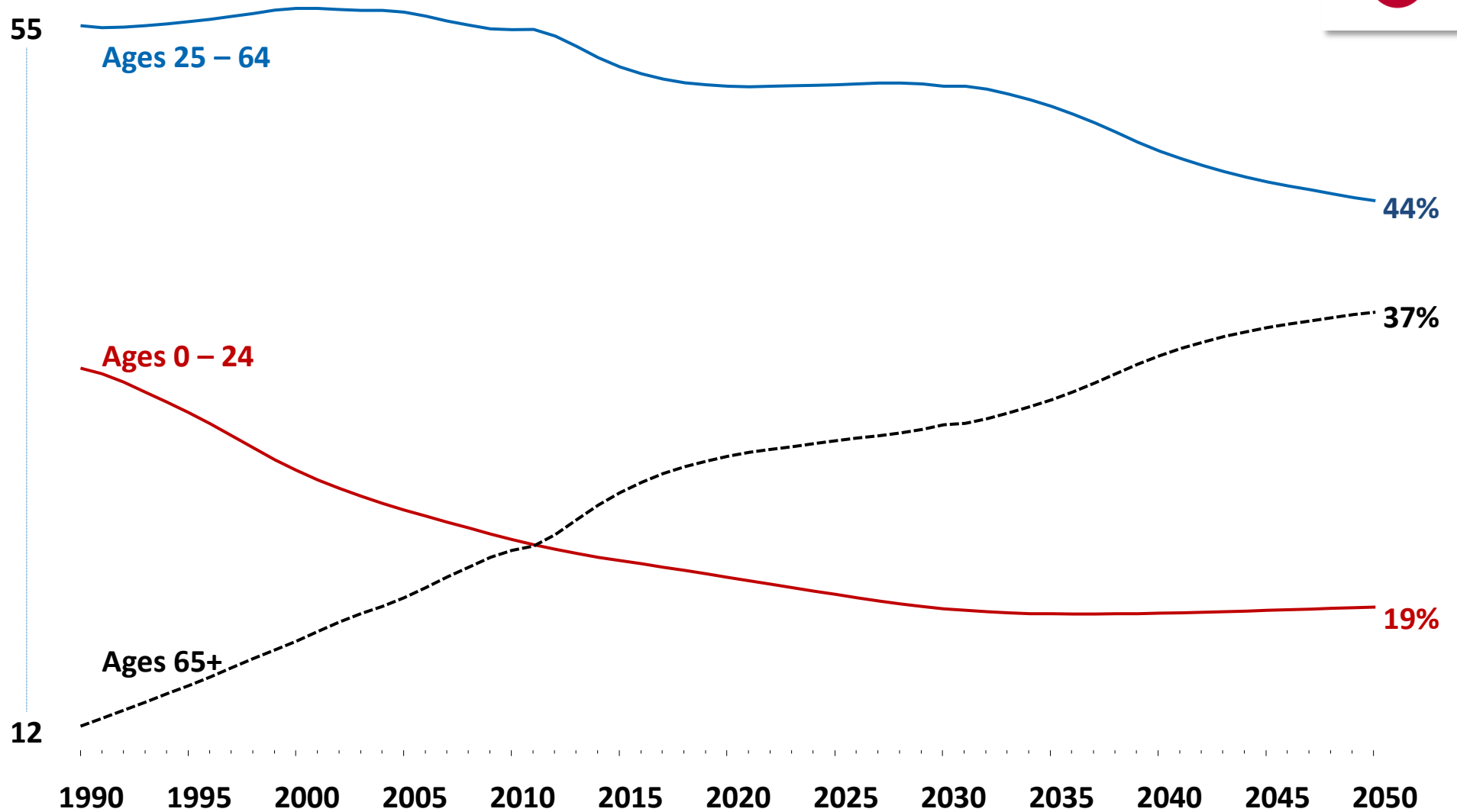
(as a % of Total Population) Yearly Data 12/31/1990 - 12/31/2050



Source: Ned Davis Research, (IE15800) Source: U.S. Census Bureau

Population By Age | Japan

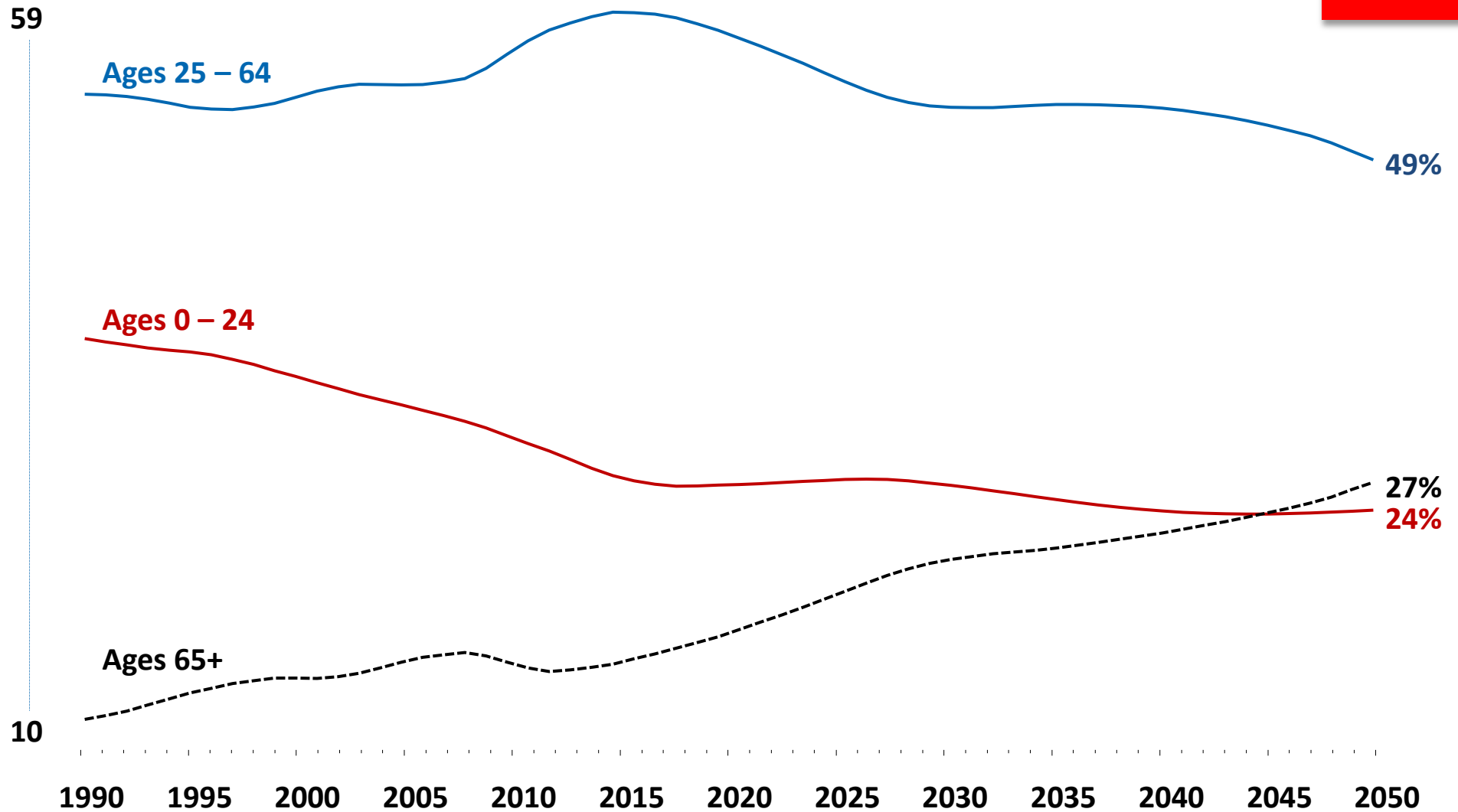
(as a % of Total Population) Yearly Data 12/31/1990 - 12/31/2050



Source: Ned Davis Research, (IE3099) Source: U.S. Census Bureau

Population By Age | Russia

(as a % of Total Population) Yearly Data 12/31/1989 - 12/31/2050



Source: Ned Davis Research, (IE30800) Source: U.S. Census Bureau

Solutions to Negative Demographics

- Immigration
- Migration
- Education
- Labor participation
- Technology/productivity
- Healthcare
- War

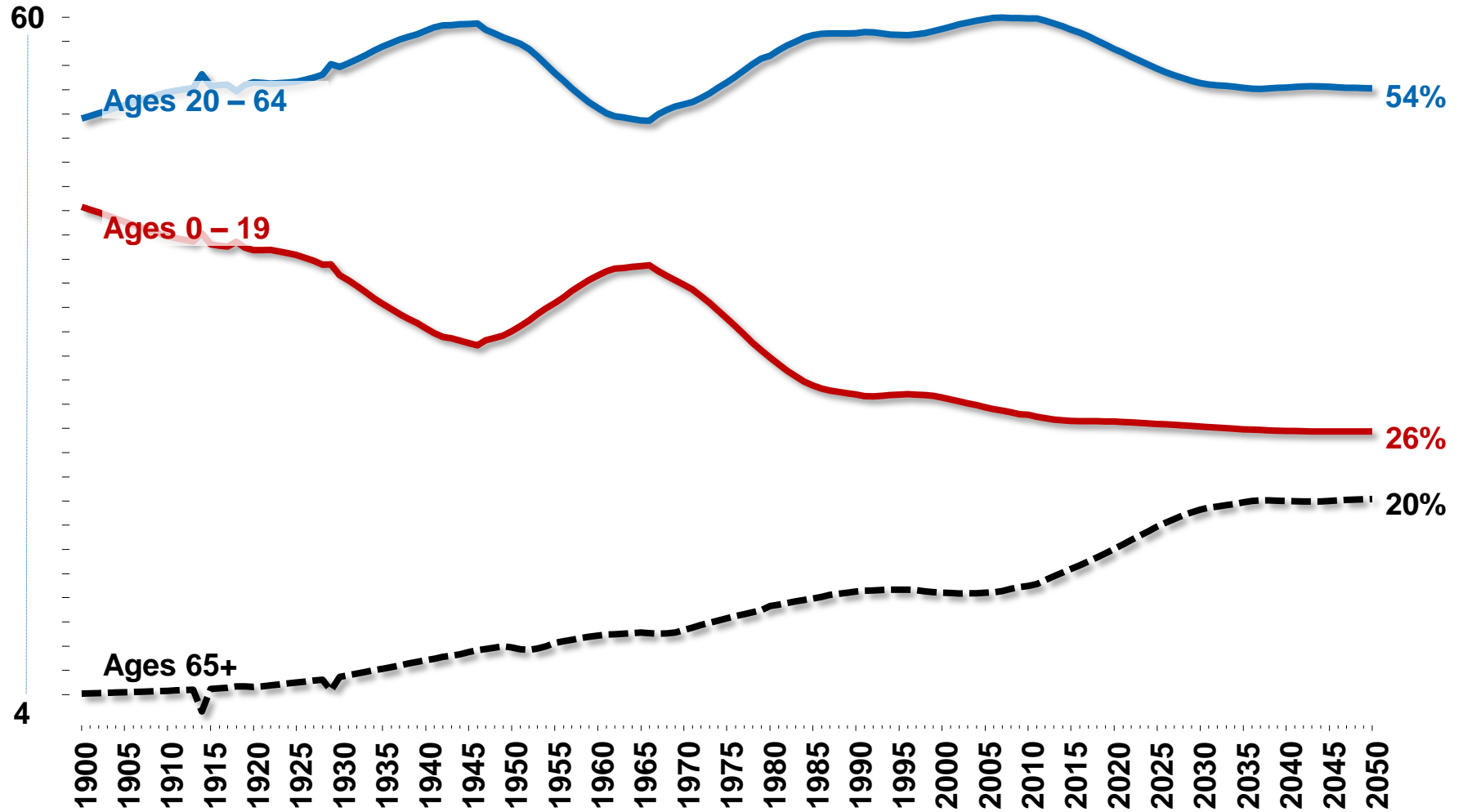
The World in 2050

- **The world of the future will need technology to improve productivity gains to offset the challenges on the labor front.**
- **Japan, Europe, China and Russia will likely need to open their borders for the immigration of people.**
- **Many countries will need to improve labor migration.**
- **Governments will be forced to deal with the fiscal realities associated with negative population demographics – reduction in tax revenue and the increases in retirement and healthcare costs. This could have significant investment implications.**
- **Healthcare needs will increase due to a larger aging population in the developed world and the bigger youth population in the frontier and emerging economies.**
- **Demand for commodities and investments to obtain alternative sources of food and energy will likely become a bigger story in the future.**
- **Watch the N11 they could be the key to global stability or instability and growth.**

Please see “Important Notes – Market Commentary.”

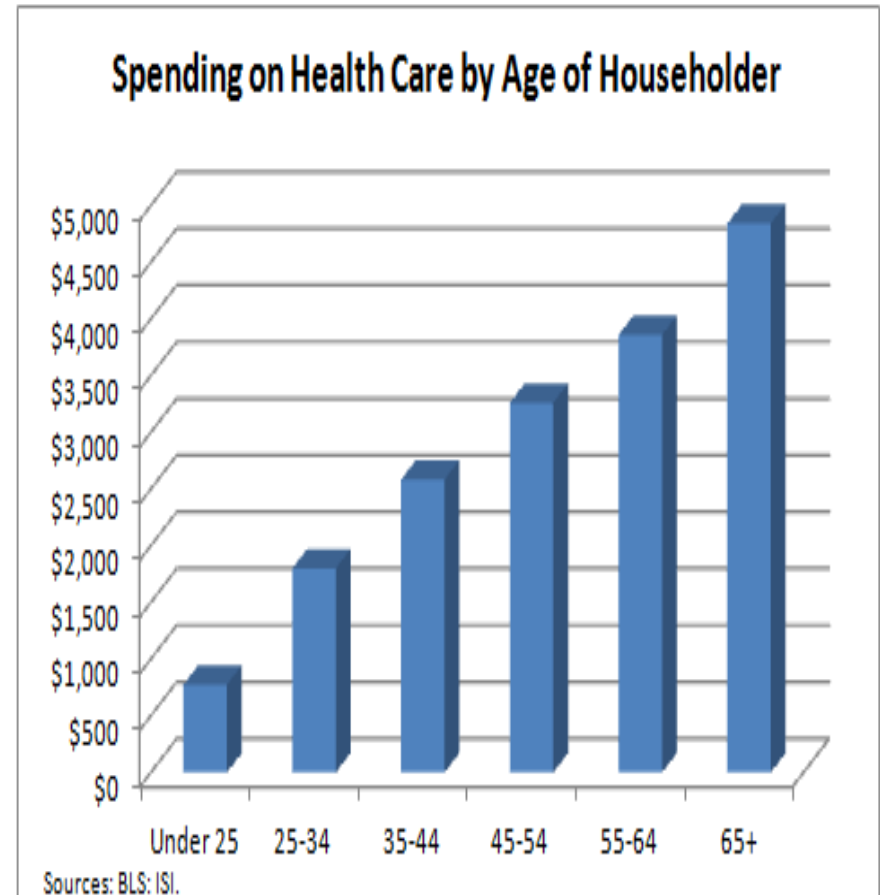
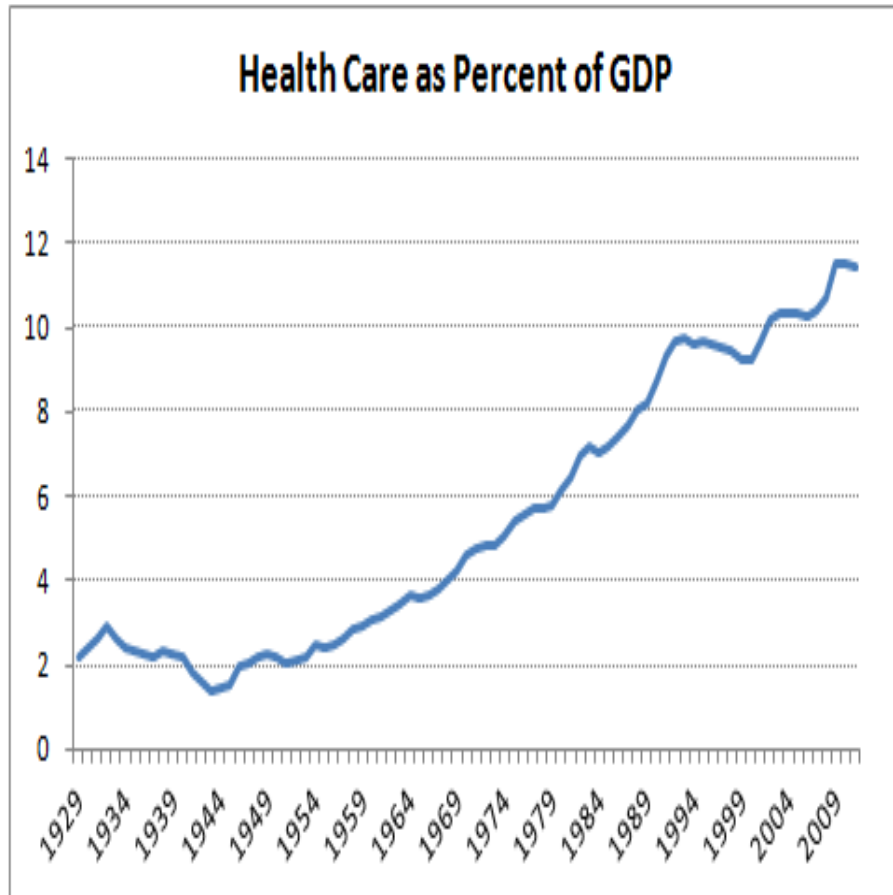
United States Population By Age

(as a % of Total Population) Yearly Data 12/31/1900 - 12/31/2050



Source: Ned Davis Research E985A) U.S. Census Bureau

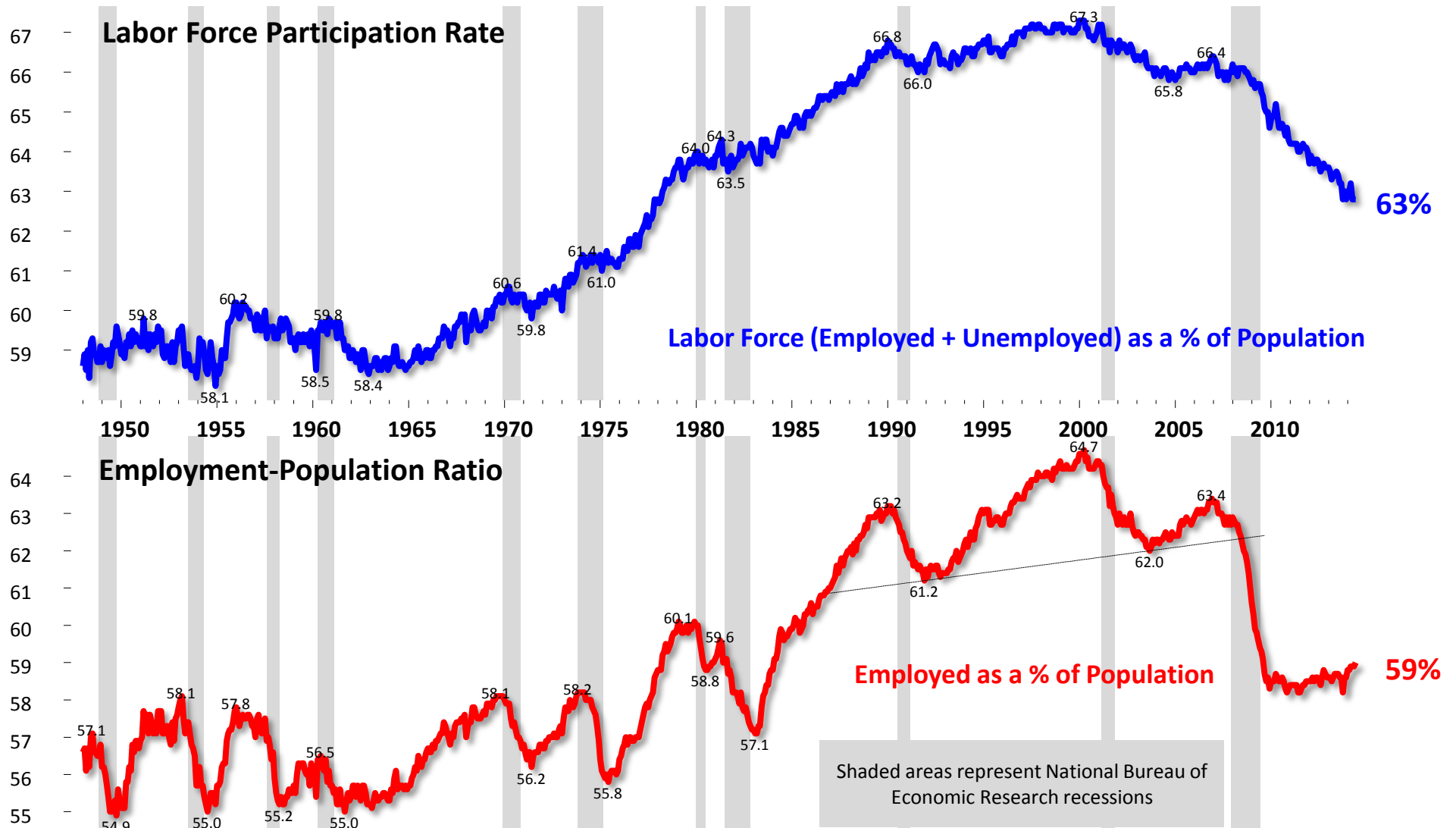
The Challenge of an Aging United States Population



Source: ISI

Analysis of U.S. Labor Force and Employment as a Percentage of Population

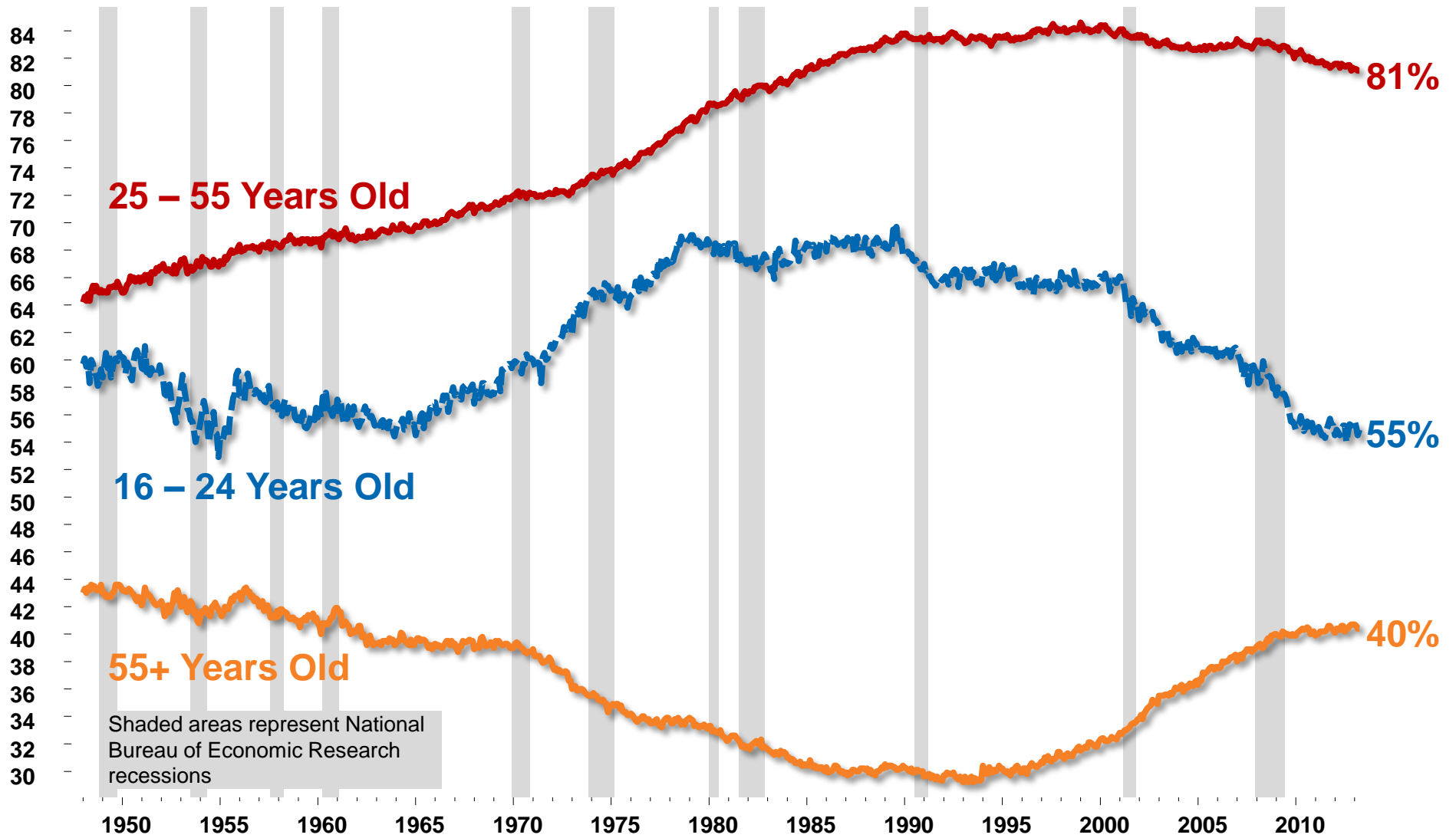
Monthly Data 1/31/1948 - 6/30/2014



Source: Ned Davis Research, (E105)

Labor Force Participation Rate by Age Group

Monthly Data 1/31/1948 - 6/30/2014

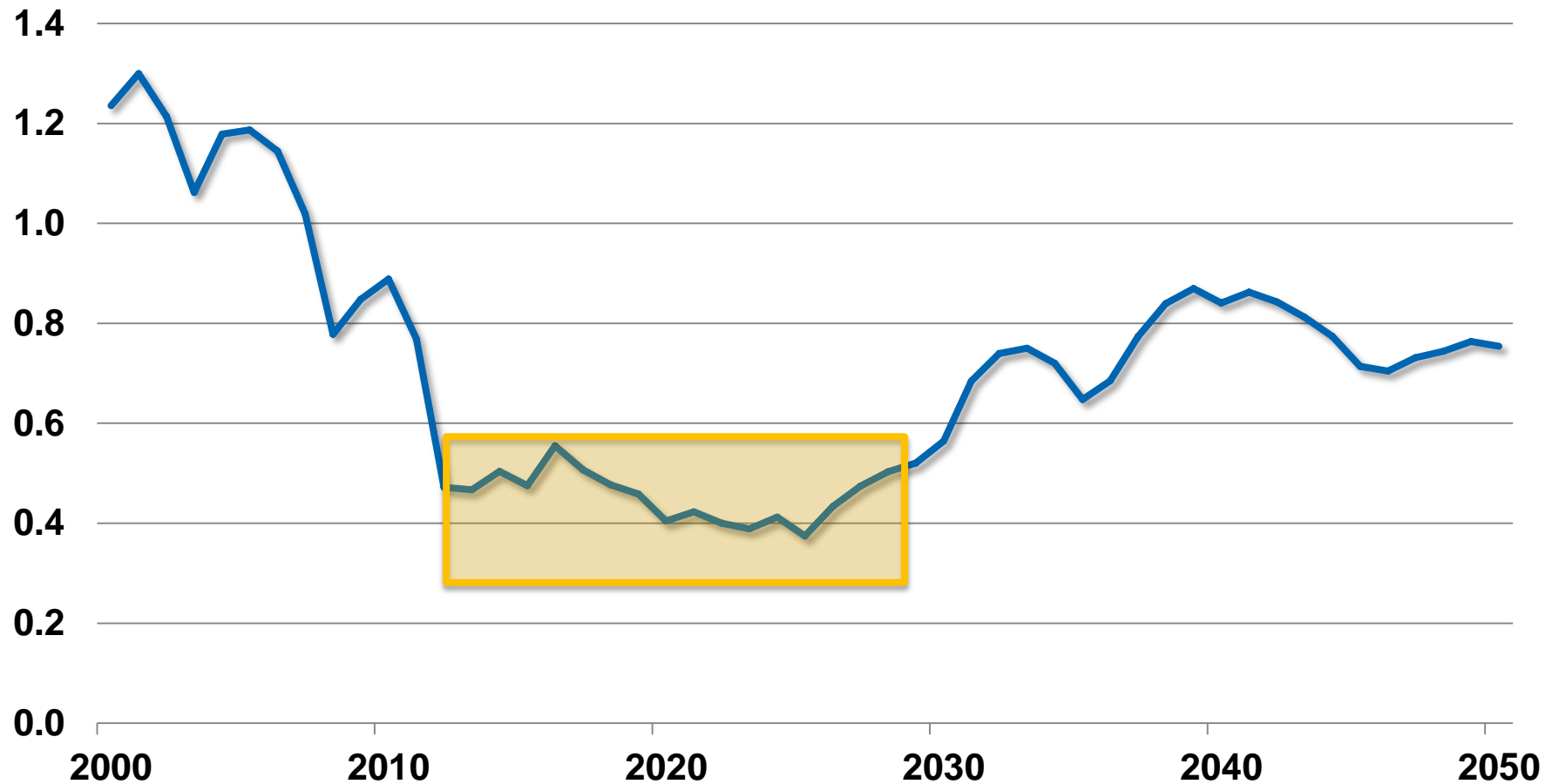


Source: Ned Davis Research, (E105B)

Working Age Population Growth Rate in United States

2000 – 2050 | Annual Rate of Change in Number of Persons

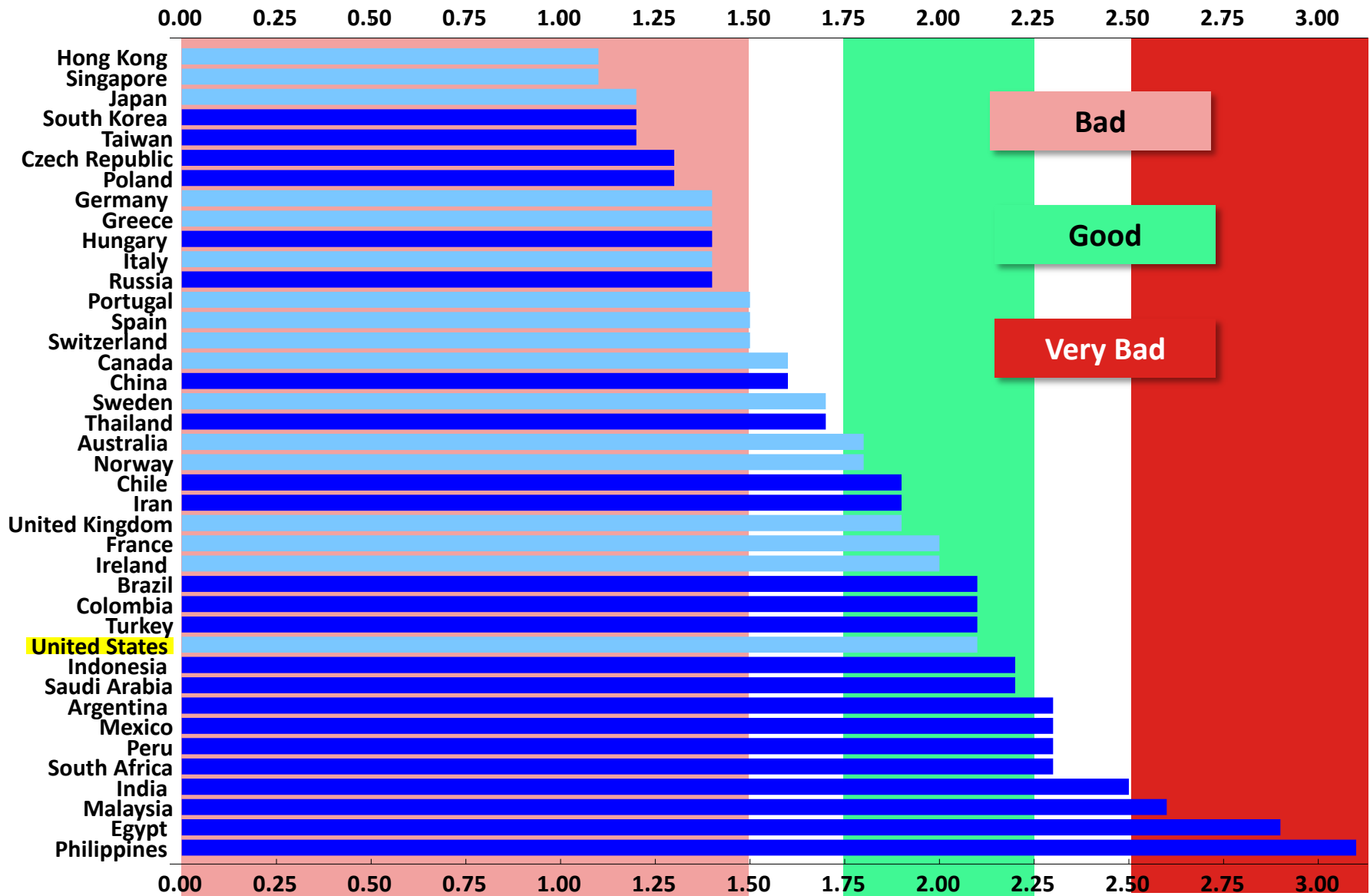
YOY Percent Change



Source: U.S. Census Bureau, ISI Group, Global Demographics

Fertility Rates by Country in 2013

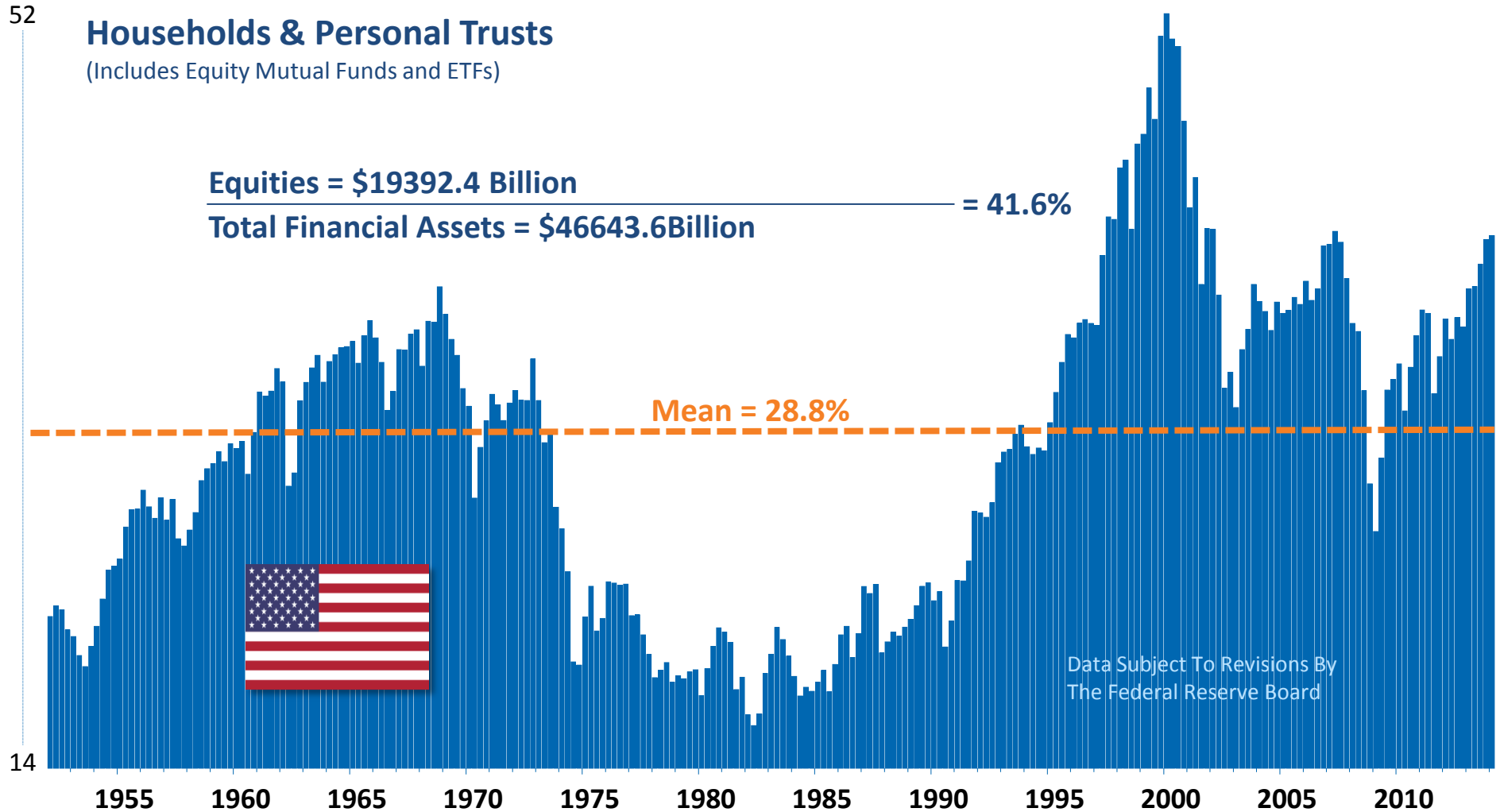
■ Emerging Market Countries
■ Developed Market Countries



Source: U.S. Census Bureau, Ned Davis IE812

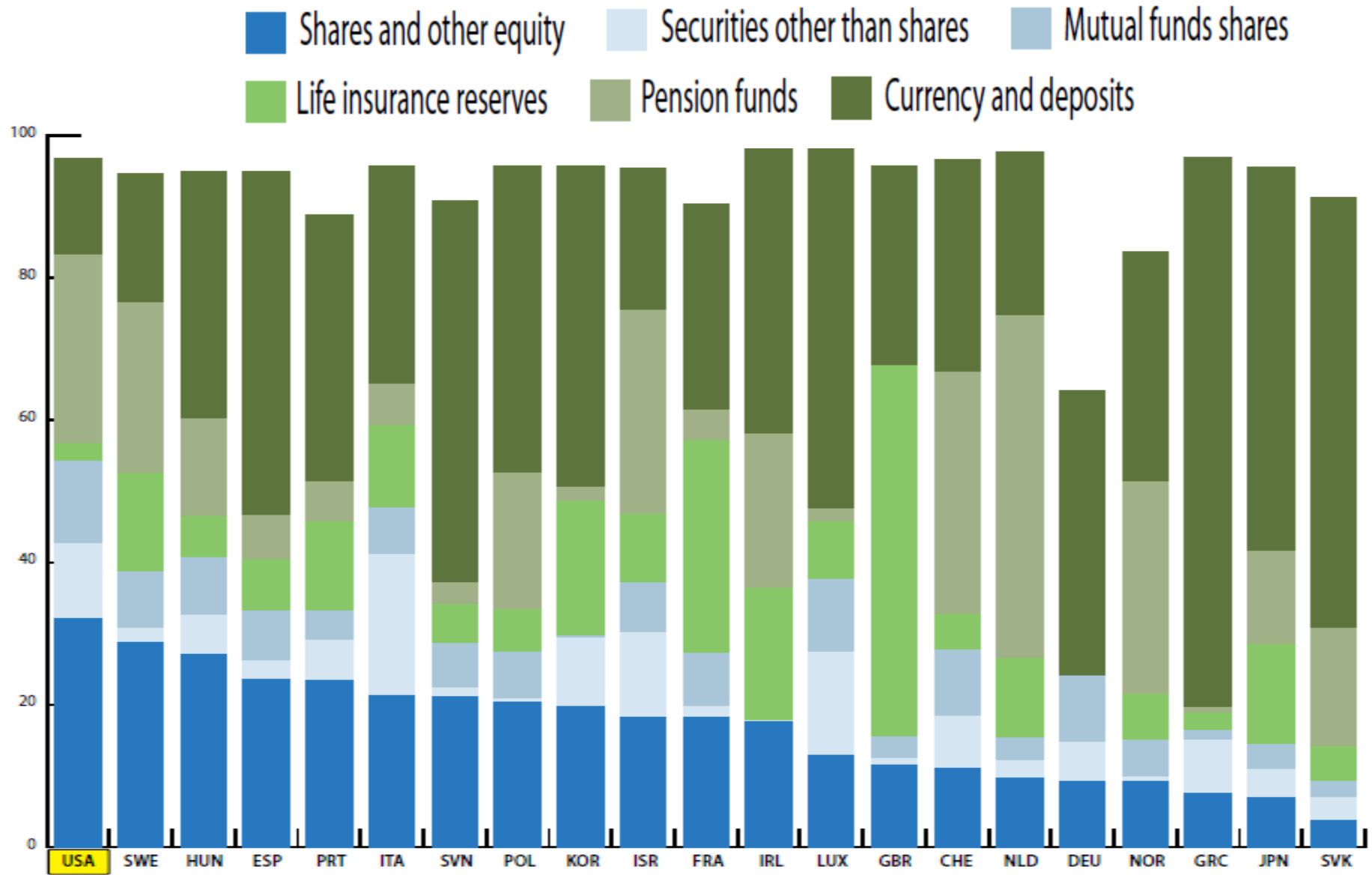
Stocks as a Percentage of Household Financial Assets

(Adjusted for Pension Funds) | Quarterly Data 3/31/1952 - 6/30/2014



Source: Ned Davis Research, (AA40) Federal Reserve Board

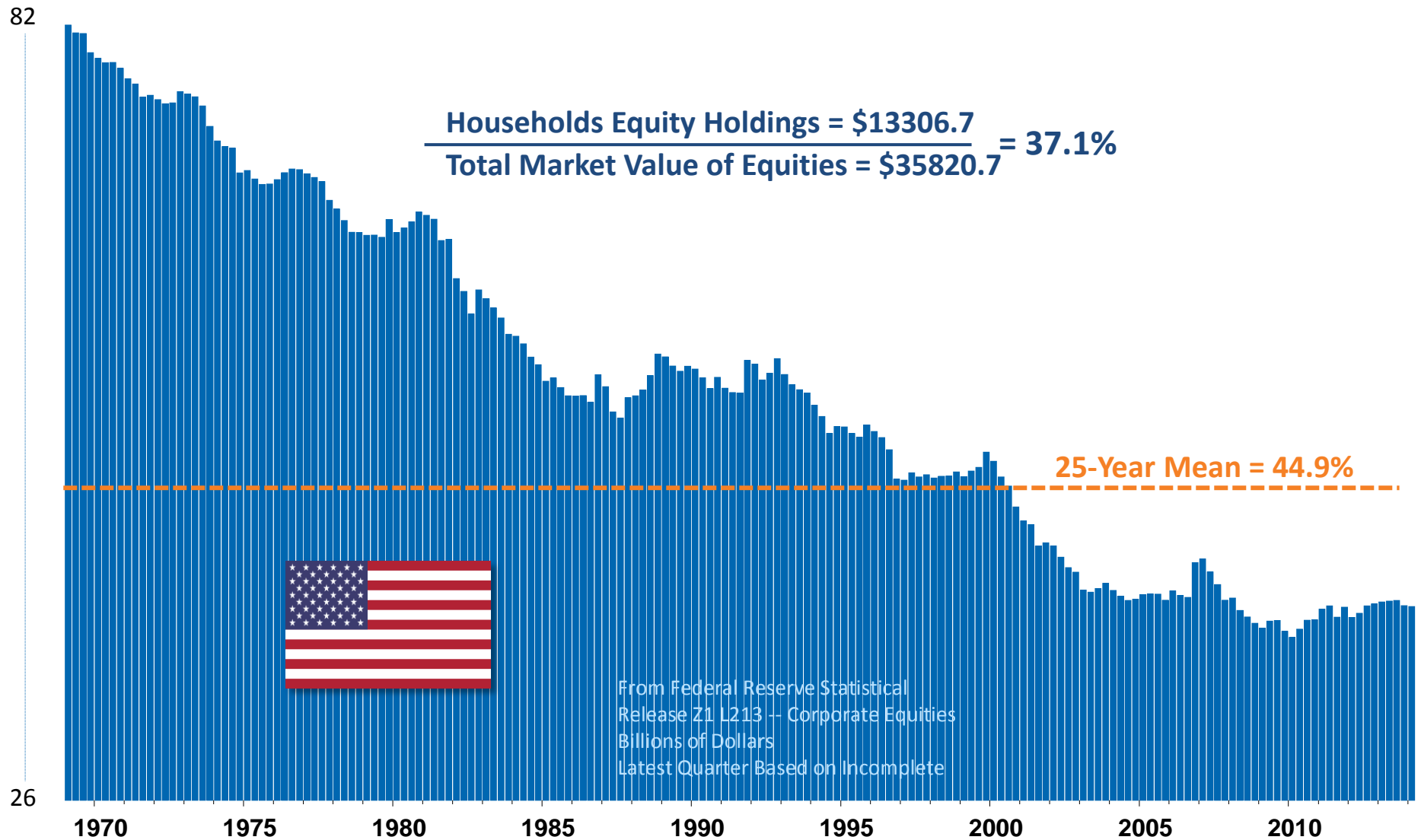
Financial Assets of Households by Type of Asset



Source: Ned Davis, OECD, Global Macro Issues | December 2013

Percent of Equities Owned by Households

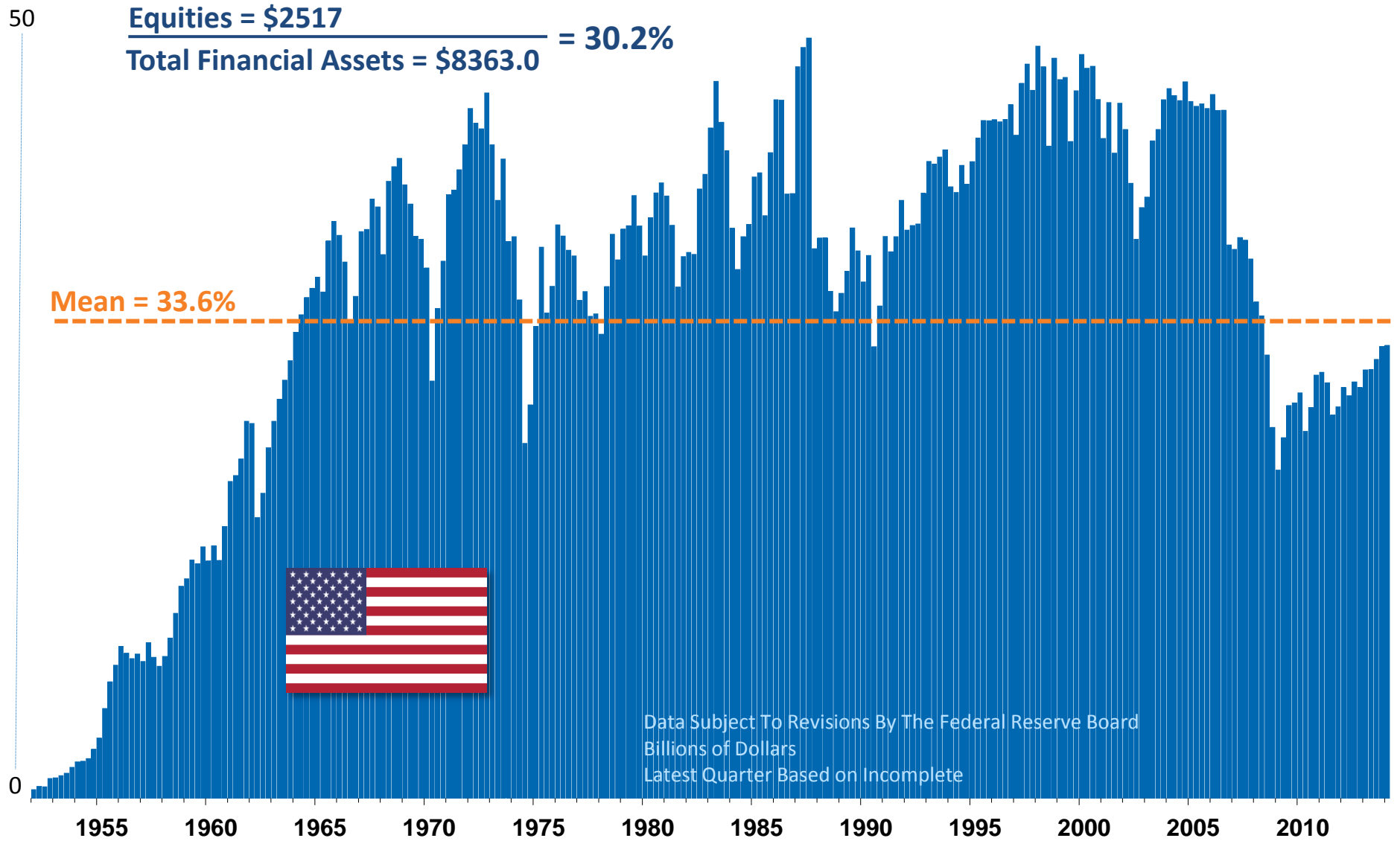
Quarterly Data 3/31/1969 - 6/30/2014



Source: Ned Davis Research, (S0484)

Stocks as a Percentage of Financial Assets - Private Pension Funds

Quarterly Data 3/31/1952 - 6/30/2014



Source: Ned Davis Research, (\$483)

The BRICs Will Change

- **The demographic story for the BRICs will present significant challenges.**
- **India will need infrastructure development as well as raw materials, energy, water and food resources.**
- **Russia has the natural resources, but will lack people, while India has the people but lacks critical natural resources.**
- **India's plentiful supply of educated, low-cost labor should permit it to sustain its status as a critical service sector supplier in the world.**
- **With infrastructure development, India could also become a key low-cost producer of industrial products.**
- **China will get old very quickly if one child policy does not change.**
- **Brazil's challenges will be centered around migration.**

Please see "Important Notes – Market Commentary."

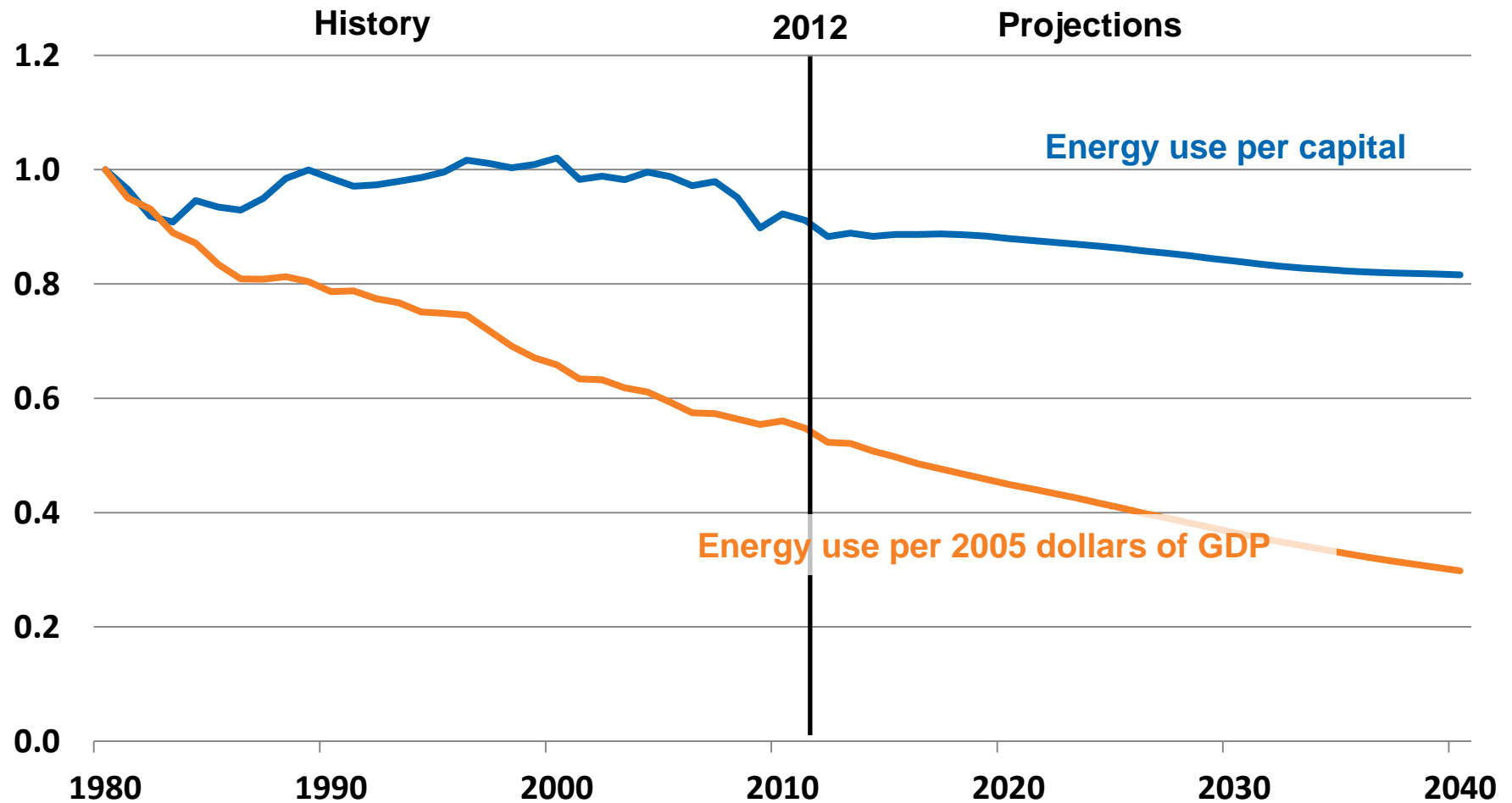
The Global Mega-Trends

- **More than 50% of the world is now Urbanized – will be 70% by 2050.**
- **More than 50% of the world's population lives within 100 miles of a coastline.**
- **Of all children born in the developed world today, at least half will celebrate their 100th Birthday.**
- **Nearly half of the world lives in countries with birth rates that are below replacement – increased focus on immigration.**
- **Probability of Marriage is declining in the East and divorce rates are increasing – opposite is occurring in the U.S.**
- **Baby Boomers are retiring and their parents are still alive! First time ever to have multiple generations of retired households.**
- **Will this still be the Asian or American Century?**

Energy use per capita and per GDP

Energy use per capita and per dollar of gross domestic product in the reference case, 1980-2040

(index, 1980 = 1)

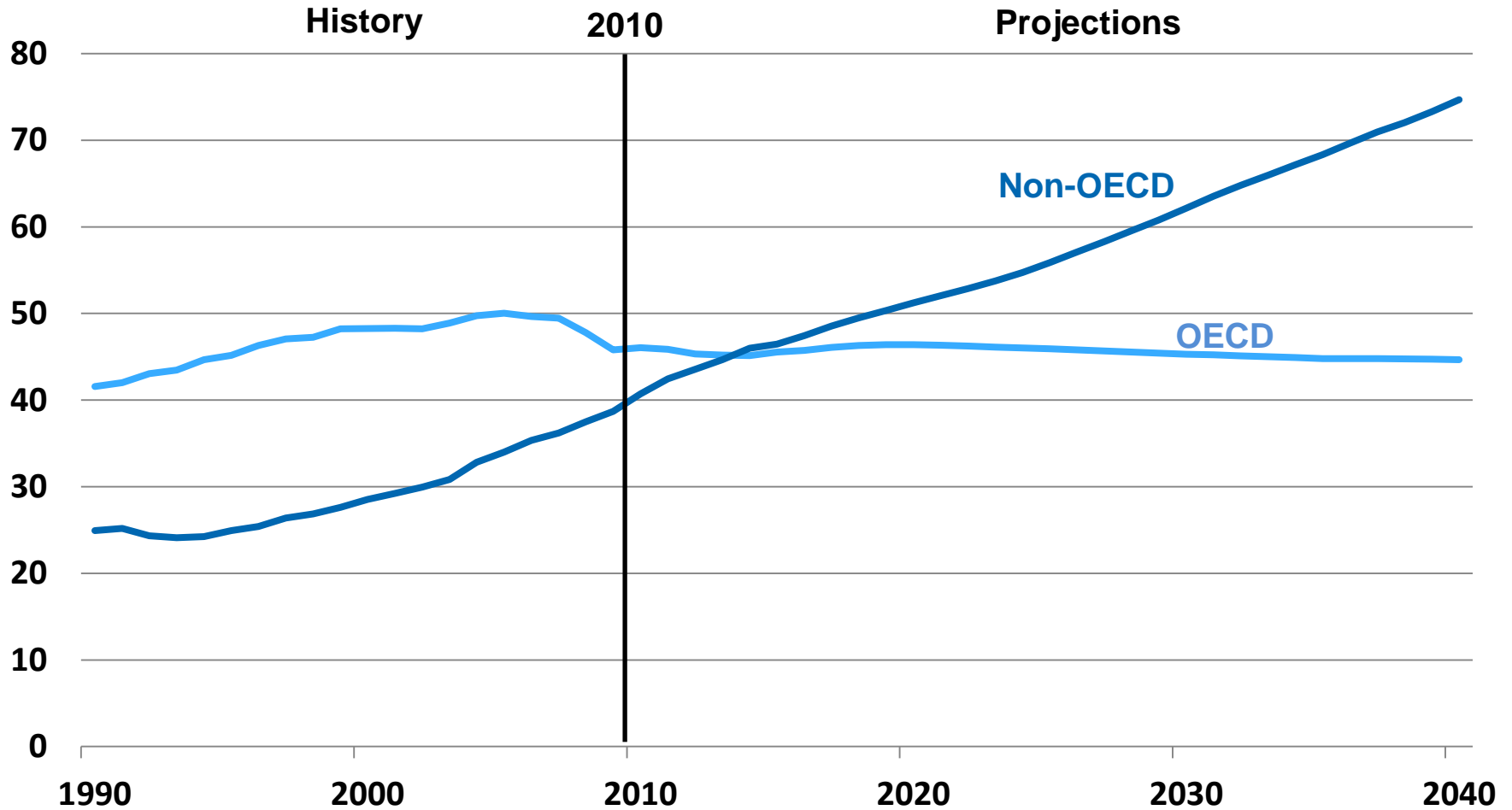


Source: U.S. Energy Information Administration. Energy use per capita and per dollar of gross domestic product in the Reference case, 1980-2040: History: U.S. Energy Information Administration, Monthly Energy Review, September 2013, DOE/EIA-0035(2013/09). Projections: AEO2014 National Energy Modeling System, run REF2014.D102413A.

World Petroleum and Other Liquid Fuels Consumption

OECD and Non-OECD petroleum and other liquid fuels consumption in the reference case, 1990-2040

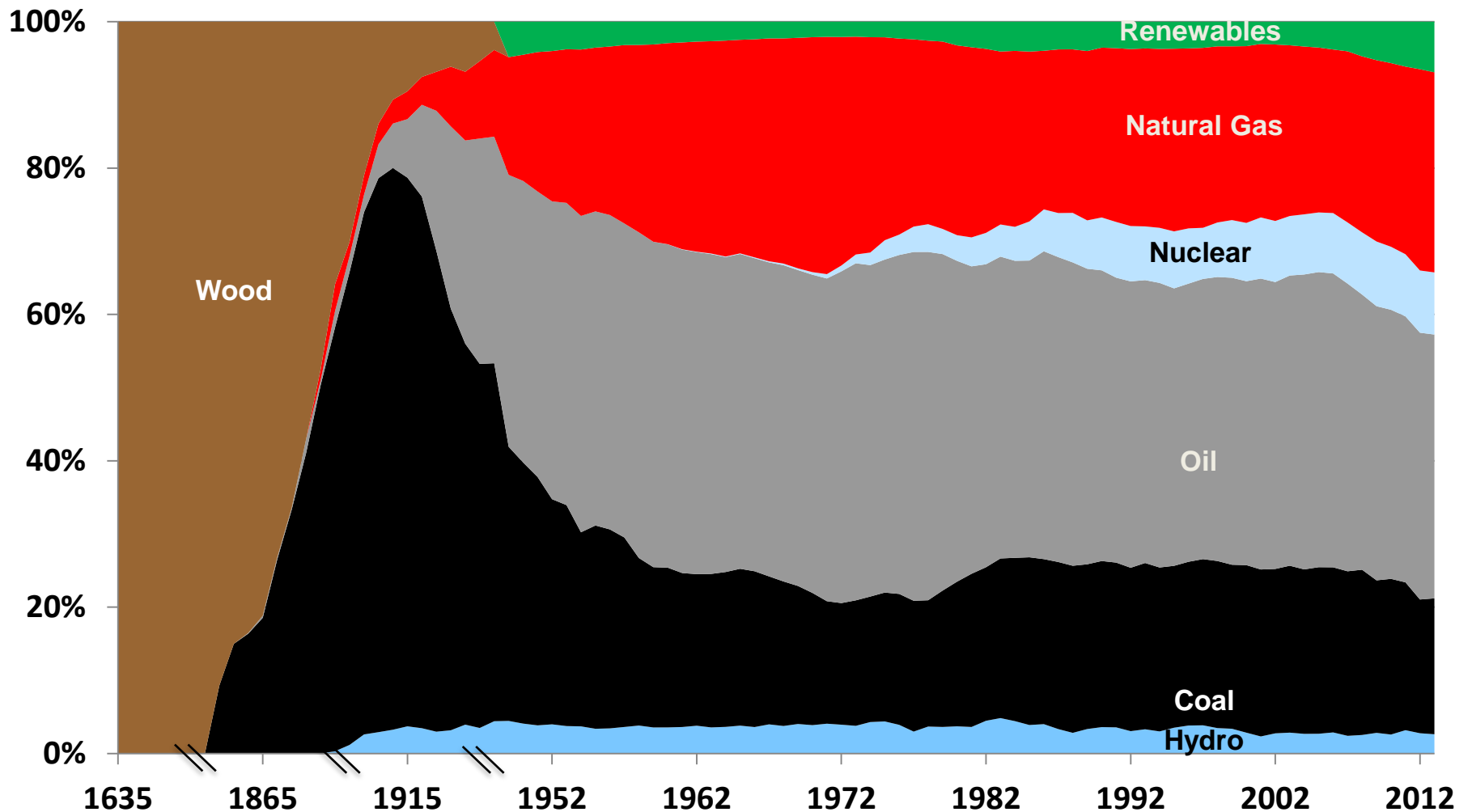
(million barrels per day)



Source: U.S. Energy Information Administration. INTERNATIONAL ENERGY OUTLOOK 2014 Release Date: September 9, 2014

Evolving Energy Sources

U.S. Market Share of Primary Energy Sources (1655 – 2013)



Source: U.S. Energy Information Administration.

Oil & Gas | Production Trend

Million Barrels
(per day)

10

9

8

7

6

5

4

1983

1988

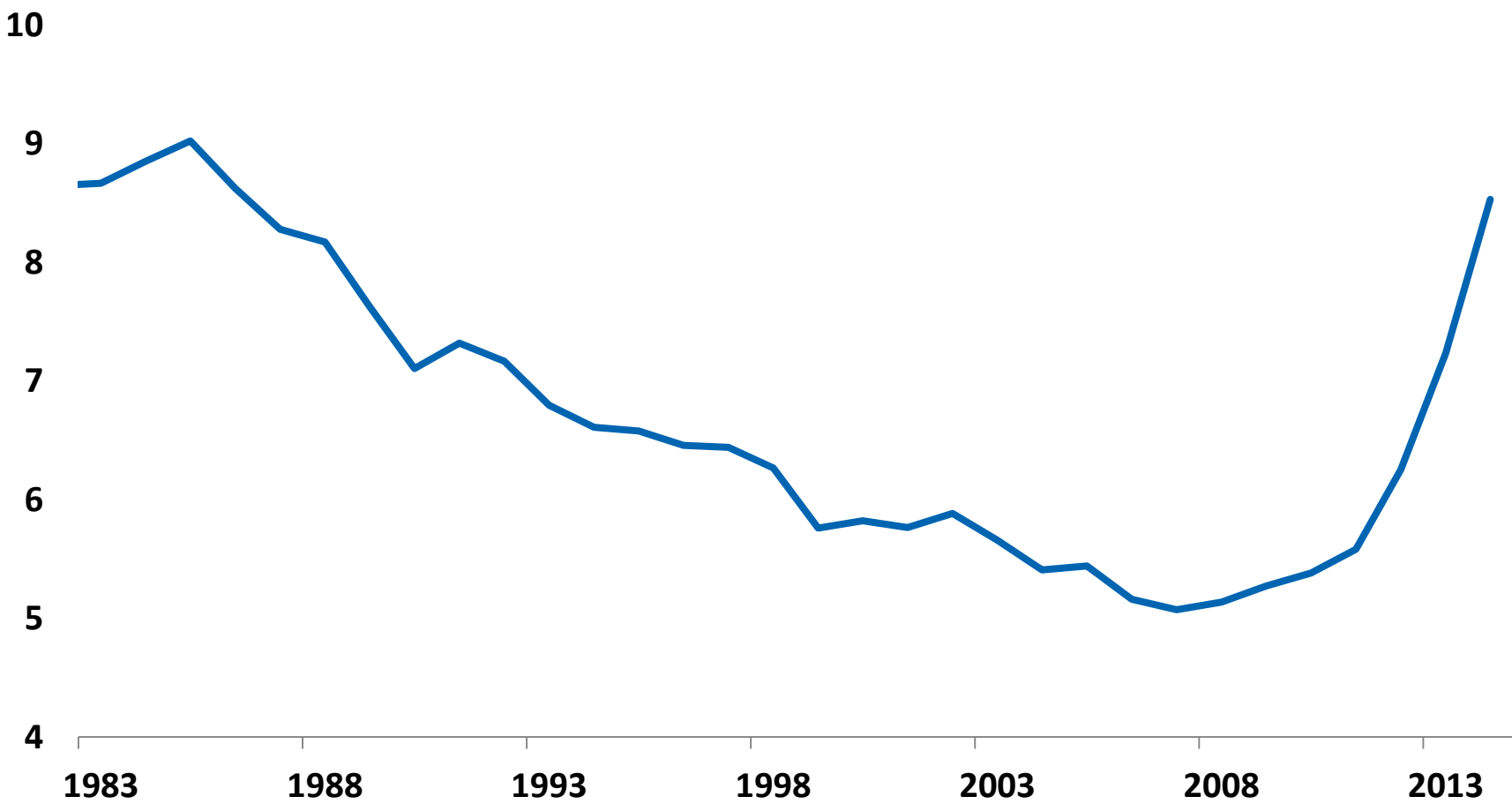
1993

1998

2003

2008

2013



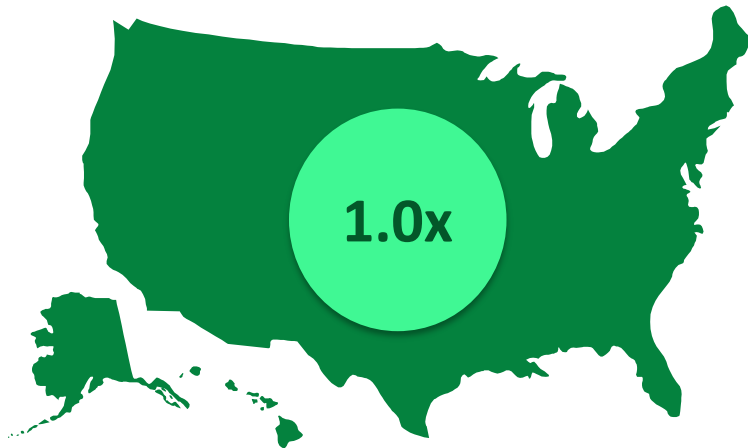
Source: EIA, June 2014

These investment perspectives constitute market commentary, and not recommendations to any individual investor. See "Important Notes | Market Commentary."

Oil & Gas | U.S. Energy Cost Advantage

Ratio of natural gas prices relative to U.S. price

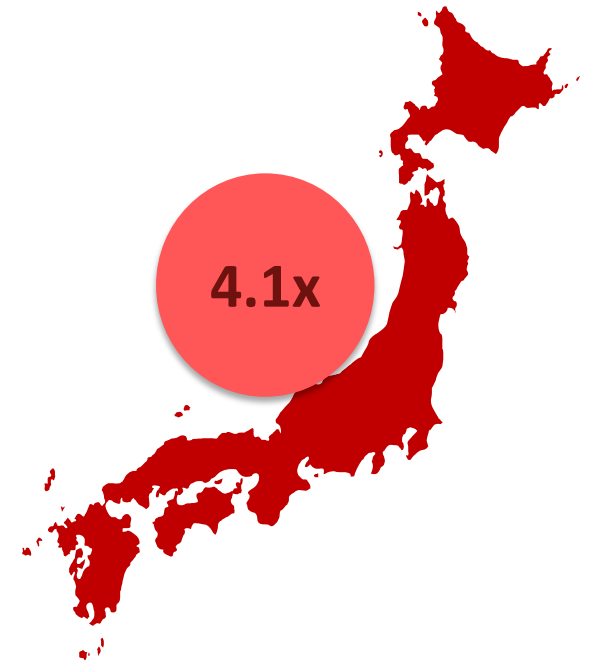
United States



United Kingdom



Japan



As of September 15, 2014

Source: Bloomberg

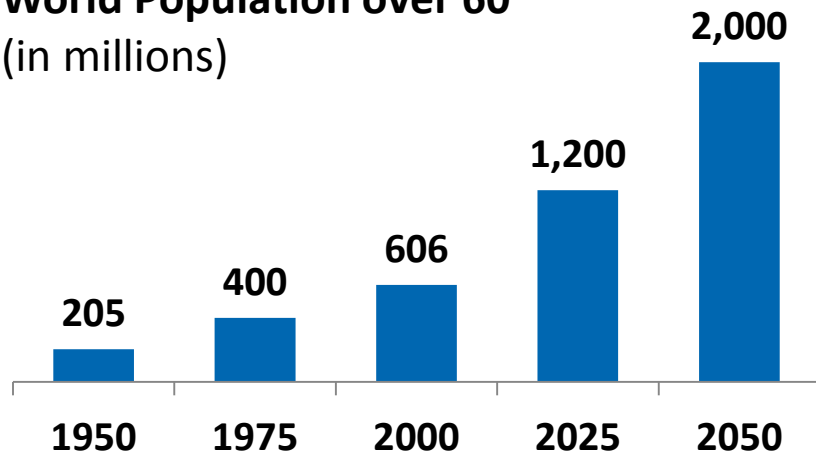
Note: Represents U.S. NYMEX Henry Hub, UK Natural Balancing Point (NBP) and weighted average Japan LNG import prices converted to USD.

These investment perspectives constitute market commentary, and not recommendations to any individual investor. See "Important Notes | Market Commentary."

Global Population Growth and Healthcare Challenge

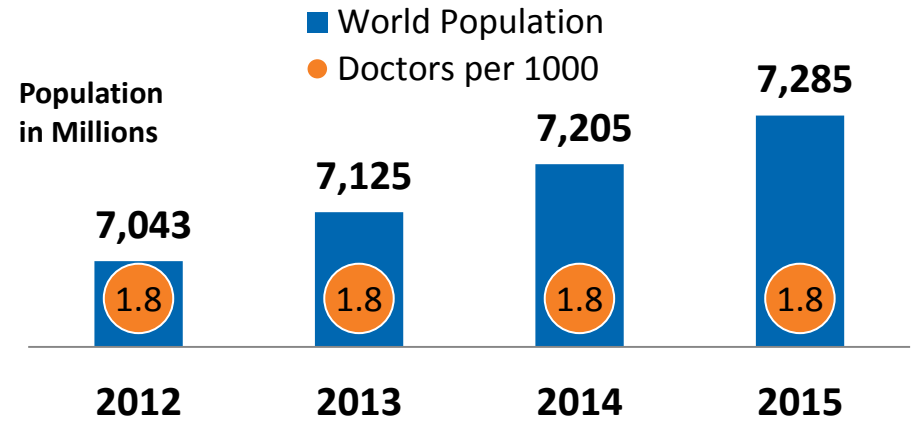
The global healthcare landscape is facing an aging population and a constrained supply of doctors.

World Population over 60
(in millions)



Source: UN Data Statistics

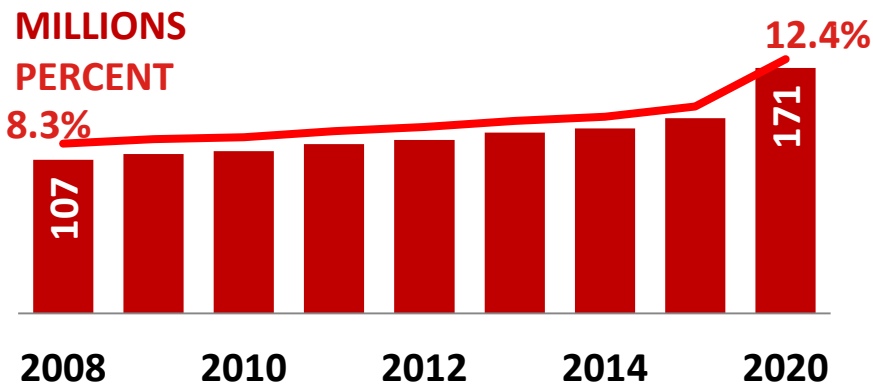
Doctors per 1,000 vs. World Population



Source: Economist Intelligence Unit, World Bank

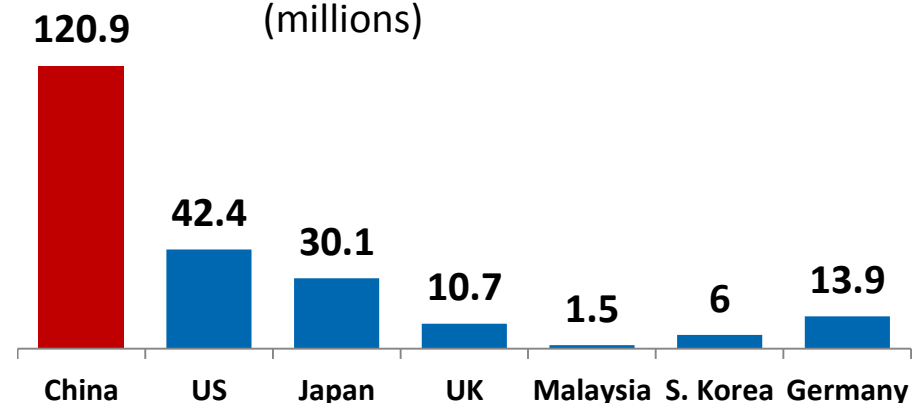
The aging population is especially pronounced in **China**:

Population age 65 and older



Source: Economic Intelligence Unit

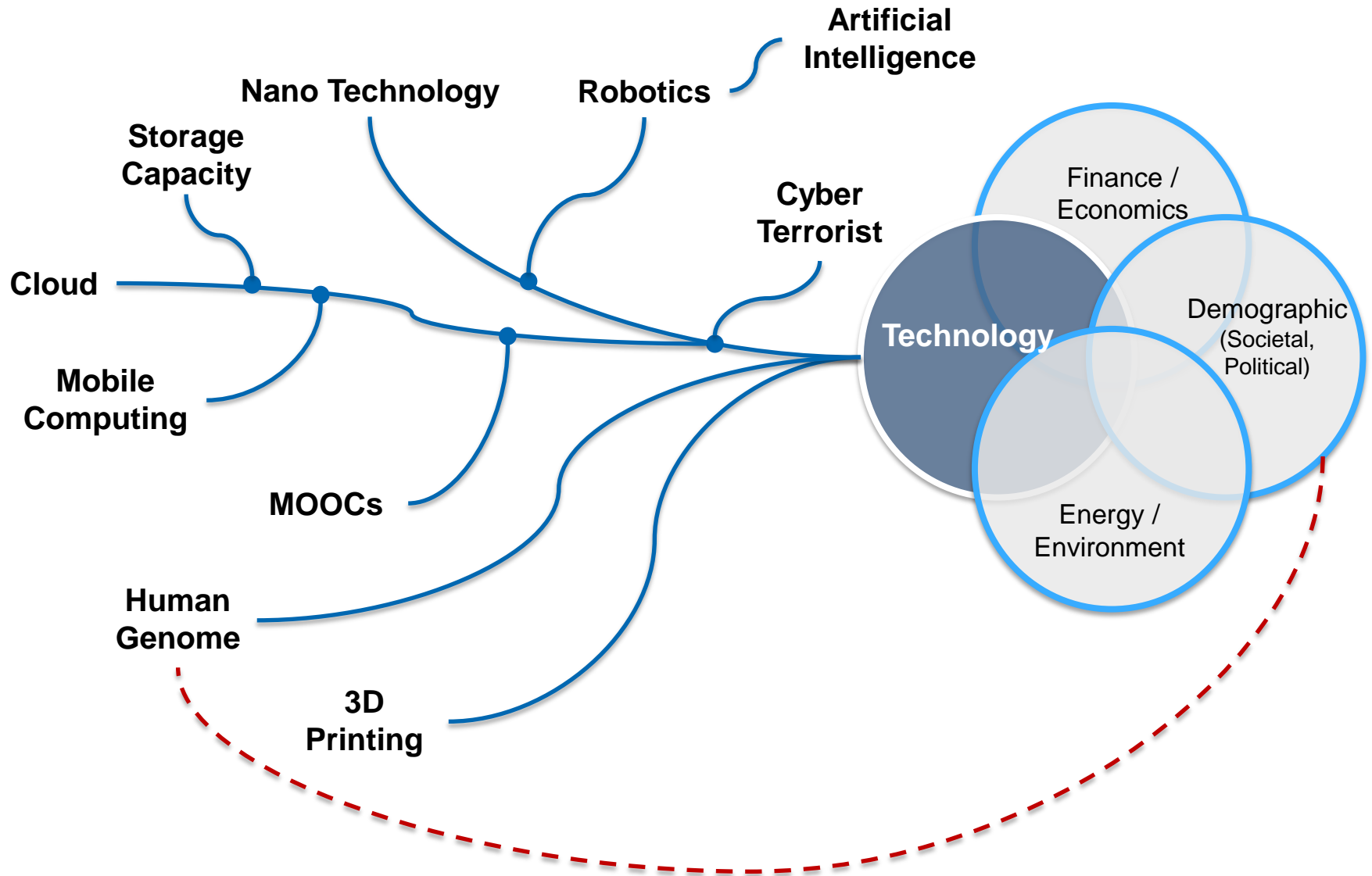
Population 65 and older
(millions)



Source: World Bank

Areas of Influence

Cause and Effect | Technology Example



Source: Towers Watson – Thematic Investing – How we see the world (January 2012)e

Regional Outlook for Risk Assets

Region	Near Term	Long Term
U.S.	Positive Positive macro environment	Positive Energy independence / industrial renaissance
Europe	Neutral Central Bank support/political risk	Negative EU's goals of social, political and economic integration create conflicts
Japan	Positive Monetary stimulus GDP Growth	Negative The third arrow – the ability to change long term behavior
China	Negative Moving to consumer driven economy, credit bubble	Positive Successful reform activities of the government
Emerging Markets	Negative Inflation problems, a stronger U.S. dollar and a reduction in liquidity	Positive Superior longer term real GDP growth offers opportunities

Appendix

Important Notes | Market Commentary

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FOR CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION'S USE ONLY

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Introduction to Shipping

Shipping 101

- The shipping industry transports cargoes and non-cargoes by sea
- History dates back to over 5,000 years ago
- Came to the forefront of global trade in the mid-19th century when fossil fuels became available
- Over the past 150-plus years, shipping has played a critical role fostering a global economy
- It is generally accepted that the shipping industry transports more than 90% of today's international trade
 - Connects producers, manufacturers and markets
 - Allows countries to export what they produce and import what they lack
 - Provides a relatively low transport cost for cargoes
- Regulated by various agencies, including the International Maritime Organization (IMO)

The shipping industry acts as a lynchpin to the global economy

Industry Participants

OWNERS

BUILDERS

OPERATORS

CHARTERERS

CAPITAL
PROVIDERS

BROKERS

PORT
OPERATORS

REGULATORS

ETC...

Industry Attributes

- Highly capital intensive
- Underpinned by hard assets
- Largely debt-financed
- Notoriously cyclical
- Starved of capital, since banks were forced to retrench

Investment Considerations

- Vessel characteristics
 - Price (and historical values)
 - Cargoes (and associated supply and demand trends)
 - Size
 - Speed
 - Charter contracts
 - Age
 - Builder / shipyard
 - Flag of convenience / country of risk
 - Operating expenses
 - Operator (commercial and technical)
- Investment type
- Borrower
- Timing
- Strategic fit

Current Shipping Environment

How Did the Shipping Crisis Happen?

- Oversupply
- Example from dry bulk:
 - Spot rates to charter a Capesize vessel exceeded \$200,000 per day at the peak (plus the cost of fuel)
 - Operating costs (excluding fuel) were less than \$10,000 per day
 - Operating profits of almost \$1.5 million per week
 - At a price of around \$100 million, every ship owner worth his salt ordered new vessels
 - The order book ballooned to exceed the entire fleet on the water; new shipyards sprang up; and the resulting oversupply crushed charter rates
 - Demand hiccup from the financial crisis didn't help

Dry Bulk



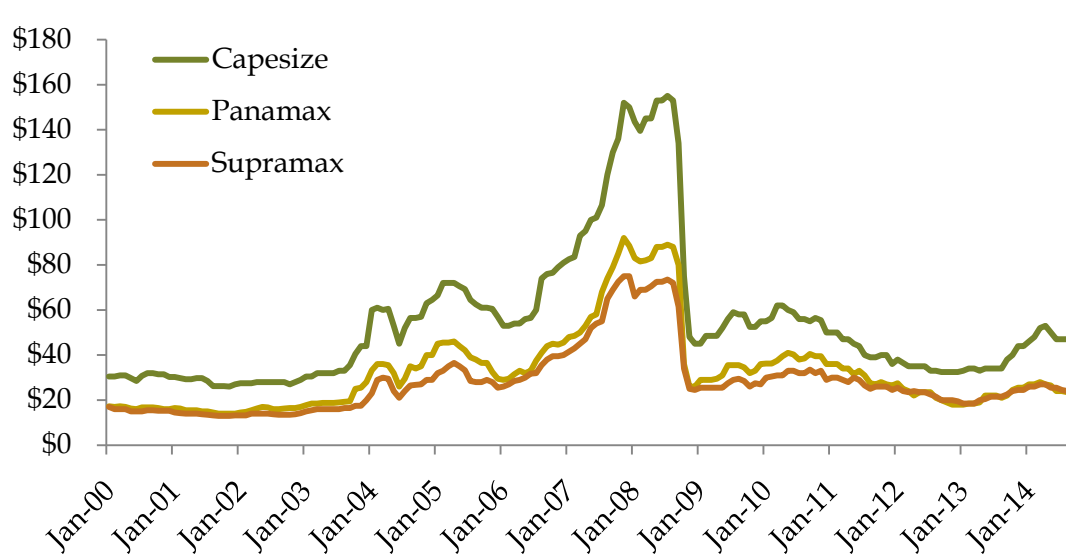
Key Cargoes: Iron ore, coal, grains, steel, minor bulks

Dry Bulk (continued)

ORDER BOOK

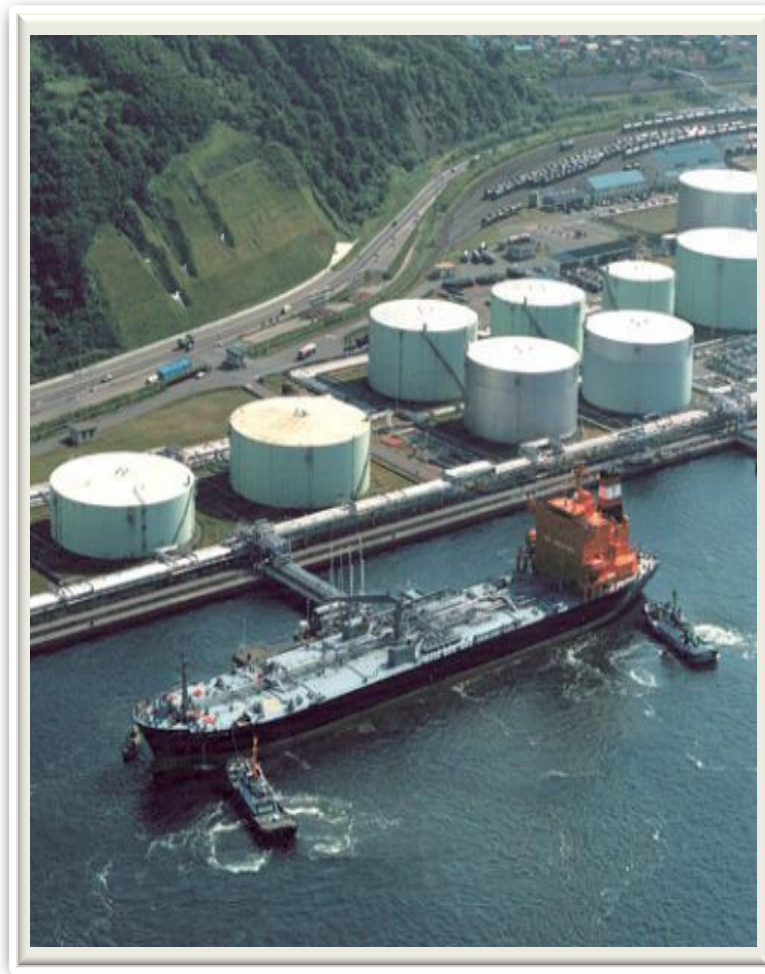
Type	Size (Dwt)	CURRENT FLEET		ORDERBOOK		
		# of Ships	DWT (mm)	# of Ships	DWT (mm)	% of Fleet
Capesize	>100k dwt	1,615	303	372	74	24%
Panamax	65-100k dwt	2,436	192	452	37	19
Supramax	40-65k dwt	3,066	163	805	48	30

HISTORICAL PRICES (5 YEAR OLD SHIPS, \$MM)



	Current	Average	Peak	Low
Capesize	\$47.0	\$54.7	\$155.0	\$26.0
Panamax	23.5	32.7	92.0	14.0
Supramax	24.0	28.2	75.0	13.0

Product Tankers



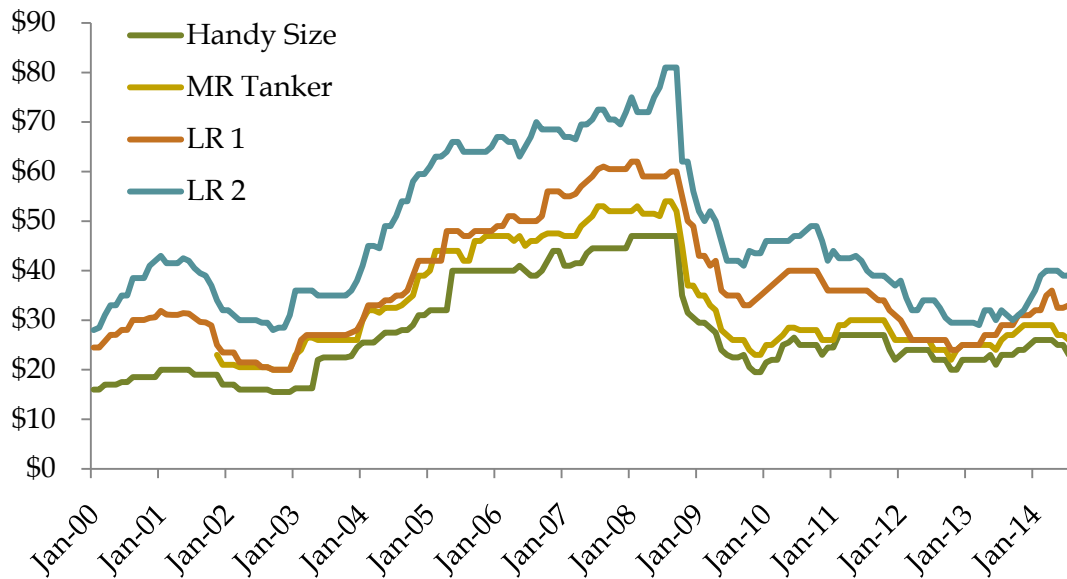
Key Cargoes: Refined petroleum products (e.g. gasoline, diesel, fuel oil, naphtha)

Product Tankers (continued)

ORDER BOOK

CURRENT FLEET				ORDERBOOK		
Type	Size (Dwt)	# of Ships	DWT (mm)	# of Ships	DWT (mm)	% of Fleet
LR2	80-120k dwt	251	27	73	8	31%
LR1	60-80k dwt	326	23	27	2	9
Handysize	30-60k dwt	1,624	73	321	16	21

HISTORICAL PRICES (5 YEAR OLD SHIPS, \$MM)



	Current	Average	Peak	Low
LR2	\$42.0	\$46.8	\$81.0	\$28.0
LR1	32.5	37.0	62.0	20.0
MR Tankers	25.5	33.3	54.0	20.0
Handysize	23.0	27.4	47.0	15.5

As of August 31, 2014

Source: Clarksons

Note: Handysize includes MRs (41k-51k dwt) and Handysize (37k dwt) tankers

Containerships



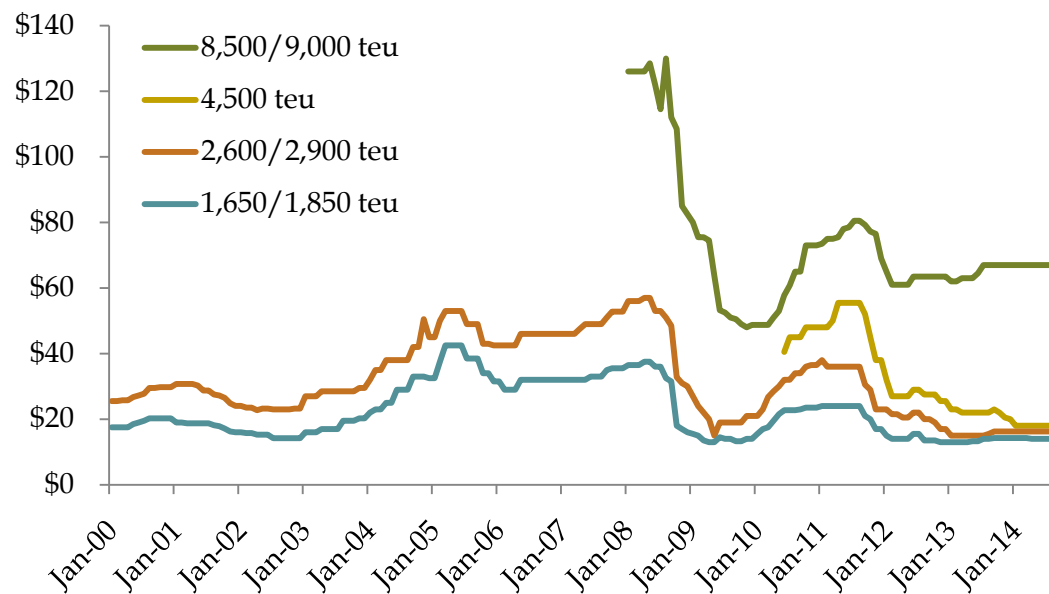
Key Cargoes: Manufactured goods (e.g. textiles, consumer electronics, furniture, plastics)

Containerships (continued)

ORDER BOOK

Type / Size	CURRENT FLEET		ORDERBOOK		
	# of Ships	,000 teu	# of Ships	,000 teu	% of Fleet
12,000+ teu	181	2,491	94	1,458	58.5%
8-11,999 teu	442	3,931	136	1,270	32.3
3-7,999 teu	643	3,734	63	308	8.2
1,000-2,900 teu	1,866	3,358	140	265	7.9

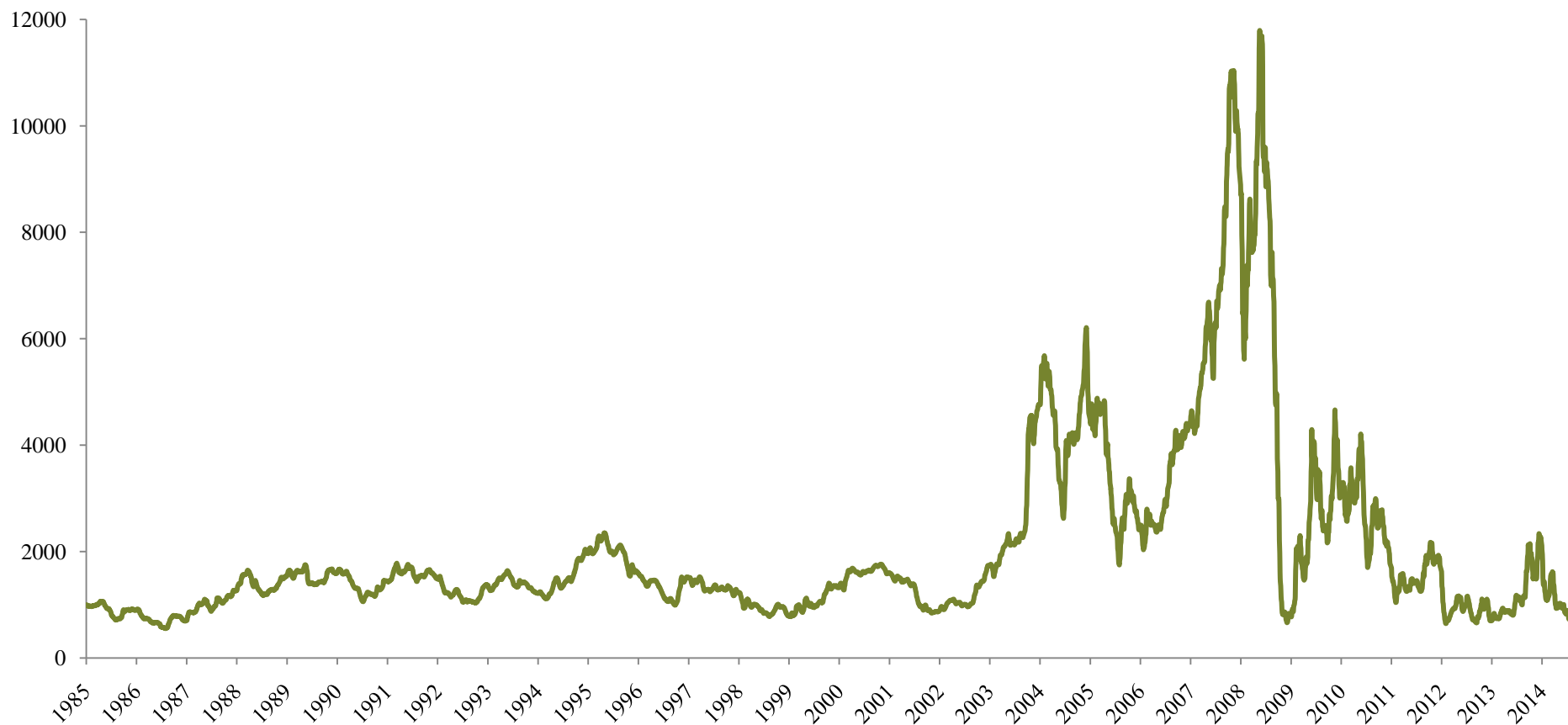
HISTORICAL PRICES (5 YEAR OLD SHIPS, \$MM)



	Current	Average	Peak	Low
8,500/9,000 teu	\$67.0	\$72.7	\$130.0	\$48.0
4,500 teu	18.0	32.5	55.5	18.0
2,600/2,900 teu	16.3	32.0	57.0	15.0
1,650/1,850 teu	14.0	22.2	42.5	13.0

Where Are We Today?

BALTIC DRY INDEX

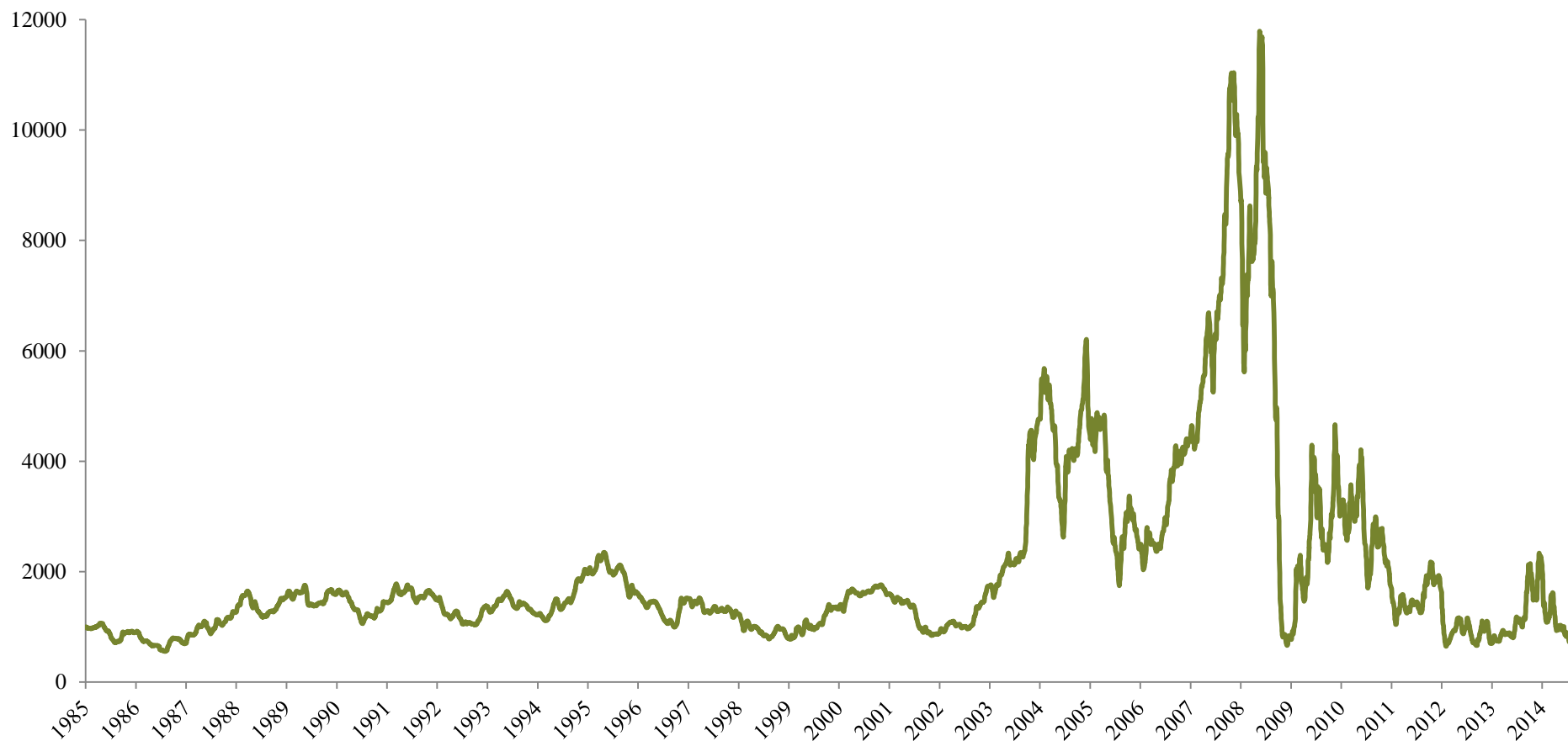


“In this game, the market has to keep pitching, but you don’t have to swing. You can stand there with the bat on your shoulder for six months until you get a fat pitch.”

– Warren Buffett

Where Are We Today?

BALTIC DRY INDEX



“In this game, the market has to keep pitching, but you don’t have to swing. You can stand there with the bat on your shoulder for six months until you get a fat pitch.”

– Warren Buffett

PIMCO

Your Global Investment Authority

PIMCO's Leadership Transition

Contra Costa County Employees' Retirement Association

16 October 2014



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The Morningstar Fixed-Income Fund Manager of the Year award (PIMCO Income, 2013) is based on the strength of the manager, performance, strategy and firm's stewardship. Morningstar Awards 2013©. Morningstar, Inc. All Rights Reserved. Awarded to Dan Ivascyn and Alfred Murata for U.S. Fixed Income Fund Manager of the Year.

Biographical information

Jay Jacobs, CFA

Mr. Jacobs is PIMCO's president and a managing director in the Newport Beach office. Prior to being elected president, he served as the global head of talent management, leading the firm's human resources area and its human capital initiatives. Previously, he spent five years in PIMCO's Munich office as the head of PIMCO's German business and a senior member of the European management team. He joined the firm in 1998 as a member of the Executive Office working closely with the leadership team in Newport Beach. Prior to joining PIMCO, Mr. Jacobs was a vice president at Commercial Trust Company. He has 20 years of investment experience and holds an MBA from Georgetown University. He received his undergraduate degree from Washington University, St. Louis.

Stephanie L. King, CFA

Ms. King is an executive vice president and account manager in the Newport Beach office, focusing on U.S. institutional investors within the public client practice. Previously at PIMCO, she worked with a variety of institutional client types and co-headed the U.S. corporate client practice. Additionally, she led the firm's global recruiting function as part of PIMCO's business management group and worked on a variety of talent management initiatives. She currently serves on the steering committee for PIMCO's global inclusion, diversity and culture initiative. Prior to joining PIMCO in 2001, she was with Morgan Stanley, Blue Capital Management and Bain & Company. She has 16 years of investment experience and holds an MBA from Stanford University Graduate School of Business and an undergraduate degree from the Wharton School of the University of Pennsylvania.

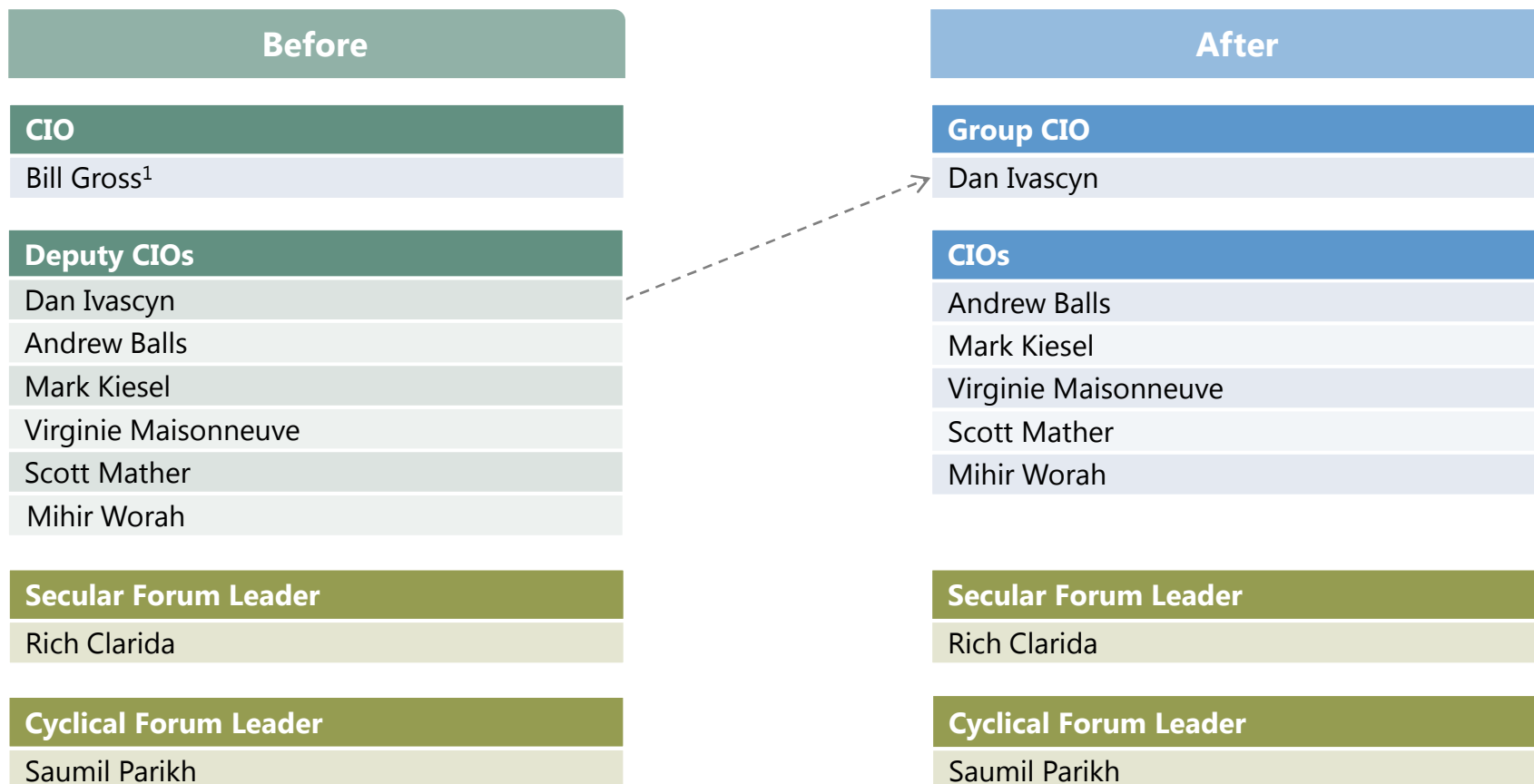
Agenda

1. PIMCO leadership transition update
2. Performance review
3. Appendix

1. PIMCO leadership transition update

Evolution of CIO structure recognizes proven investment talent

Portfolio management leadership



¹ Departed as of 26 September 2014

PIMCO's CIO structure

PORTFOLIO RISK MANAGEMENT

GROUP CHIEF INVESTMENT OFFICER

Dan Ivascyn
 Alternatives, Income, Absolute Return

23 years investment experience
 Morningstar 2013 Fixed-Income Fund Manager of the Year

CIOs				
Andrew Balls CIO, Global	Mark Kiesel CIO, Global Credit	Virginie Maisonneuve CIO, Equities	Scott Mather CIO, U.S. Core Strategies	Mihir Worah CIO, Real Return and Asset Allocation
16 years investment experience; Head of European and Asian Portfolio Management	22 years investment experience; Morningstar 2012 Fixed-Income Fund Manager of the Year	27 years investment experience; Proven equity investor and business builder	20 years investment experience; Forward-looking global expert and driver of returns for our clients	12 years investment experience; Head of U.S. Portfolio Management

GLOBAL INVESTMENT COMMITTEE (IC)		
Regional Committees <ul style="list-style-type: none"> Americas Portfolio Committee (AmPC) Asia Portfolio Committee (APC) European Portfolio Committee (EPC) 	Sector Specialty Desks <ul style="list-style-type: none"> 14 sector specialty desks covering full range of global capital markets 260+ portfolio managers 	Credit Research <ul style="list-style-type: none"> 61 credit research analysts located in U.S., Europe, Asia, and Latin America

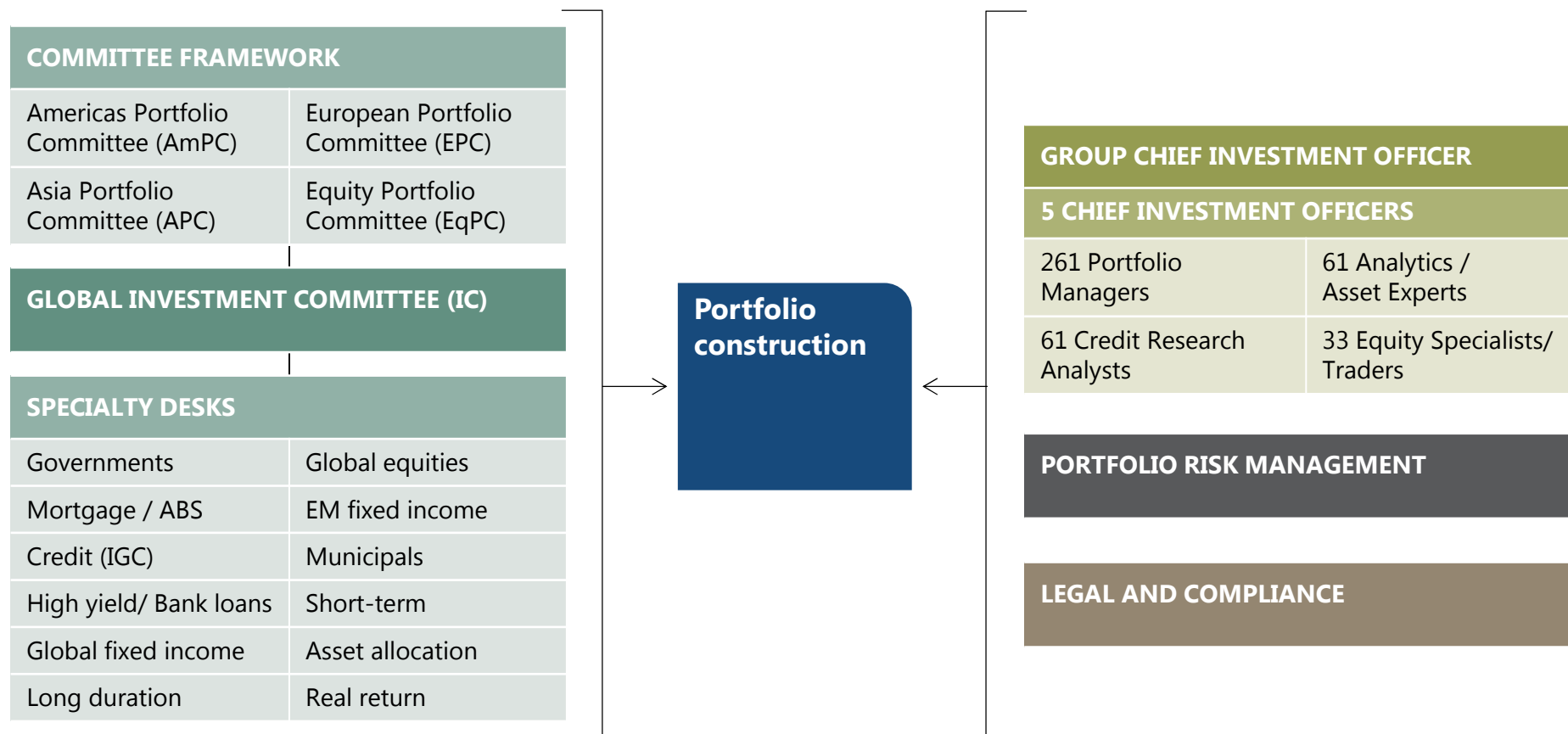
As of 28 September 2014

The Morningstar Fixed-Income Fund Manager of the Year award (2012, 2013) is based on the strength of the manager, performance, strategy, and firm's stewardship.

PIMCO's investment philosophy and process remain unchanged

CIOs reflect evolution of leadership structure based on team of highly skilled investors

PHILOSOPHY		FIRMWIDE FRAMEWORK FOR DISCUSSION AND DEBATE	
<ul style="list-style-type: none"> Active management Focus on long term Diversified sources of return 	<ul style="list-style-type: none"> Risk management emphasis Solutions orientation Bottom-up and top-down insights 	<ul style="list-style-type: none"> Annual Secular Forum <i>Long term 3–5 year trends</i> 	<ul style="list-style-type: none"> Quarterly Cyclical Forum <i>6–12 month GDP/ inflation forecasts</i>



As of 28 September 2014

Portfolio management team: Broad coverage and specialization

Top-down: Economic forums and PIMCO's macro views



Bottom-up: Specialty desks, credit analysis, security selection

Credit Research Christian Stracke 61 analysts	Quantitative Portfolios Vineer Bhansali 7 portfolio managers	Risk Management Bill De Leon 11 portfolio risk managers	Portfolio Analytics Ravi Mattu 61 analysts
--	---	--	---

As of 30 September 2014

* IC Chair rotates between the Group CIO and CIOs

Please note that certain PMs contribute to multiple strategies and may be included in more than one strategy team PM headcount. PIMCO has 261 total PMs as of 30 September 2014

CIO Outperformance

Prior to their elevation as strategy CIOs, the Deputy CIOs either managed or oversaw **75%** of the firm's third-party assets



Dan Ivascyn,
Group CIO



Andrew Balls,
CIO Global



Mihir Worah,
CIO Real Return and
Asset Allocation



Mark Kiesel,
CIO Global Credit

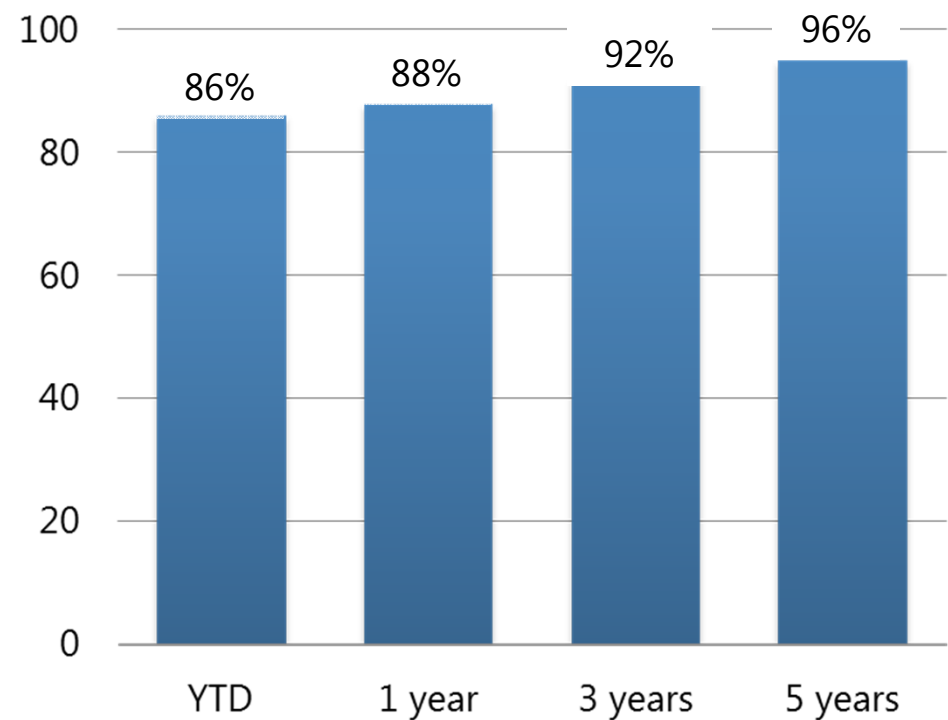


Scott Mather,
CIO U.S. Core Strategies



Virginie Maisonneuve,
CIO Equities

CIO directly-managed assets outperforming benchmarks (after fees)



As of 26 September 2014

Third party assets exclude assets managed on behalf of PIMCO's parent's affiliated companies.

CIO Virginie Maisonneuve became a CIO on Friday, 26 September 2014, and has not directly managed any accounts for the periods shown.

Refer to the appendix for additional information.

Group Chief Investment Officer: Dan Ivascyn



Morningstar 2013 Fixed
Income Manager of the Year

Deep experience

- 16 years at PIMCO
- Investment Committee service since 2005
- Pioneer across PIMCO's alternative and income strategies

Recognized investor

- Co-recipient of 2013 Morningstar Fixed Income Manager of the Year*
- Long-term performance track record

Collaborative leadership

- Member of PIMCO's Executive Committee
- History of senior leadership in PM management group
- Long standing track record of collaboration with senior portfolio managers

* With PIMCO colleague, Alfred Murata




The Morningstar Fixed Income Fund Manager of the Year award is based on the strength of the manager, performance, strategy and firm's stewardship.

CIO roles and responsibilities

Dan Ivascyn Group CIO	<ul style="list-style-type: none">▪ MBS/ABS▪ Opportunistic Credit▪ Opportunistic Mortgage	<ul style="list-style-type: none">▪ Unconstrained Bond▪ Income
Andrew Balls CIO Global	<ul style="list-style-type: none">▪ Europe▪ Asia	<ul style="list-style-type: none">▪ Emerging markets
Mihir Worah CIO Real Return and Asset Allocation	<ul style="list-style-type: none">▪ Real Assets▪ Asset Allocation	<ul style="list-style-type: none">▪ Analytics and Quant
Mark Kiesel CIO Global Credit	<ul style="list-style-type: none">▪ Investment Grade Credit▪ High Yield	<ul style="list-style-type: none">▪ Credit Research▪ Insurance
Scott Mather CIO U.S. Core Strategies	<ul style="list-style-type: none">▪ Total Return Strategies▪ Core	<ul style="list-style-type: none">▪ Short-Term▪ Low Duration
Virginie Maisonneuve CIO Equities	<ul style="list-style-type: none">▪ Global Deep Value▪ Dividend Equities	<ul style="list-style-type: none">▪ Long/Short Equities▪ Emerging Market Equities

Each CIO was appointed on 26 September 2014.

Historical performance review

	Performance (after fees)	YTD 31 Aug '14	1 yr.	3 yrs.	5 yrs.	10 yrs.	S.I.
 Scott Mather CIO, MD	PIMCO Foreign Bond Fund (U.S. Dollar-Hedged) (%)	7.46	7.42	7.38	8.71	6.57	7.71
	JPMorgan GBI Global ex-USD Hedged (%)	6.58	5.94	4.95	4.23	4.75	6.34
	After fee alpha (bps)	+88	+148	+243	+448	+182	+137
 Mark Kiesel CIO, MD	PIMCO Investment Grade Corporate Bond Fund (%)	8.29	8.20	7.28	9.99	7.79	8.44
	Barclays U.S. Credit Index (%)	7.18	7.44	5.88	7.65	5.85	6.73
	After fee alpha (bps)	+111	+76	+140	+234	+194	+171
 Mihir Worah CIO, MD	PIMCO Real Return Fund (%)	7.20	5.53	3.91	6.53	5.70	6.95
	Barclays U.S. TIPS Index (%)	6.32	4.44	3.55	5.55	5.25	6.23
	After fee alpha (bps)	+88	+109	+36	+98	+45	+72

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. Current performance may be lower or higher than performance shown. For performance current to the most recent month-end, visit www.PIMCO.com/investments or call (888) 87-PIMCO.

As of 30 June 2014

Total annual operating expenses 0.52%, 0.51% and 0.47% respectively.

Institutional Share Class. Inception dates: 2 December 1992, 28 April 2000, 29 January 1997, respectively.

The minimum initial investment for Institutional class shares is \$1 million; however, it may be modified for certain financial intermediaries who submit trades on behalf of eligible investors.

Refer to the Appendix for additional performance and fees, index, and risk information

PIMCO continues to bolster portfolio manager MD expertise

- PIMCO has added significantly to portfolio management leadership in recent years
- 29 new PM MDs since 2009
- Talent infusion enables smooth transitions as natural portfolio manager turnover occurs
- Group features leaders across asset classes and geographies including:
 - Global Head of Portfolio Risk Mgmt.
 - Head of cyclical economic forums
 - Heads of regional portfolio committees
 - 2 Morningstar Fixed Income Fund Managers of the Year (USA)¹

2014		
Virginie Maisonneuve	Global Head, Equities	27 yrs
Mohsen Fahmi	Generalist PM	30 yrs
Sudi Mariappa	Generalist PM	27 yrs
Ed Devlin	Head, PM Canada	20 yrs
Jon Horne	PM, Credit	12 yrs
Mohit Mittal	PM, Credit, TR, UBF	8 yrs
Paul McCulley	Chief Economist	30 yrs
Geraldine Sundstrom*	PM, Asset Allocation	17 yrs

2013		
Joshua Anderson	PM, Global Structured Credit	19 yrs
Alfred Murata	PM, Mortgages	14 yrs
Lorenzo Pagani	Head, European Gov't	11 yrs
Jerome Schneider	PM, Short-Term	19 yrs
Josh Thimons	PM, Governments	16 yrs

2012		
Philippe Bodereau	Head, Financial Research	18 yrs
Andrew Bosomworth	Head, PM Germany	20 yrs
William De Leon	Global Head, Port. Risk Mgmt.	24 yrs
Michael Gomez	Head, Emerging Markets	20 yrs
Qi Wang	PM, Governments	19 yrs

2011		
Mike Amey	Head, Sterling Port.	20 yrs
Robert Mead	Head, PM Australia	25 yrs
Ravi Mattu	Global Head, Analytics	32 yrs

2010		
Tomoya Masanao	Head, PM Japan	24 yrs
Saumil Parikh	Generalist PM	15 yrs
Steve Rodosky	PM, Governments	19 yrs
Christian Stracke	Head, Global Credit Research	15 yrs

2009		
Andrew Balls	CIO Global	16 yrs
Mark Kiesel	CIO Global Credit	22 yrs
Mihir Worah	CIO Real Return and Asset Allocation	12 yrs

As of 28 September 2014

Page reflects addition to Portfolio Managers/Managing Directors from 1 January 2009 through 26 September 2014

¹ Mark Kiesel (2012); Alfred Murata (2013) shares the 2013 award with Dan Ivascyn, who became an MD in 2008. The Morningstar Fixed-Income Fund Manager of the Year award is based on the strength of the manager, performance, strategy, and firm's stewardship

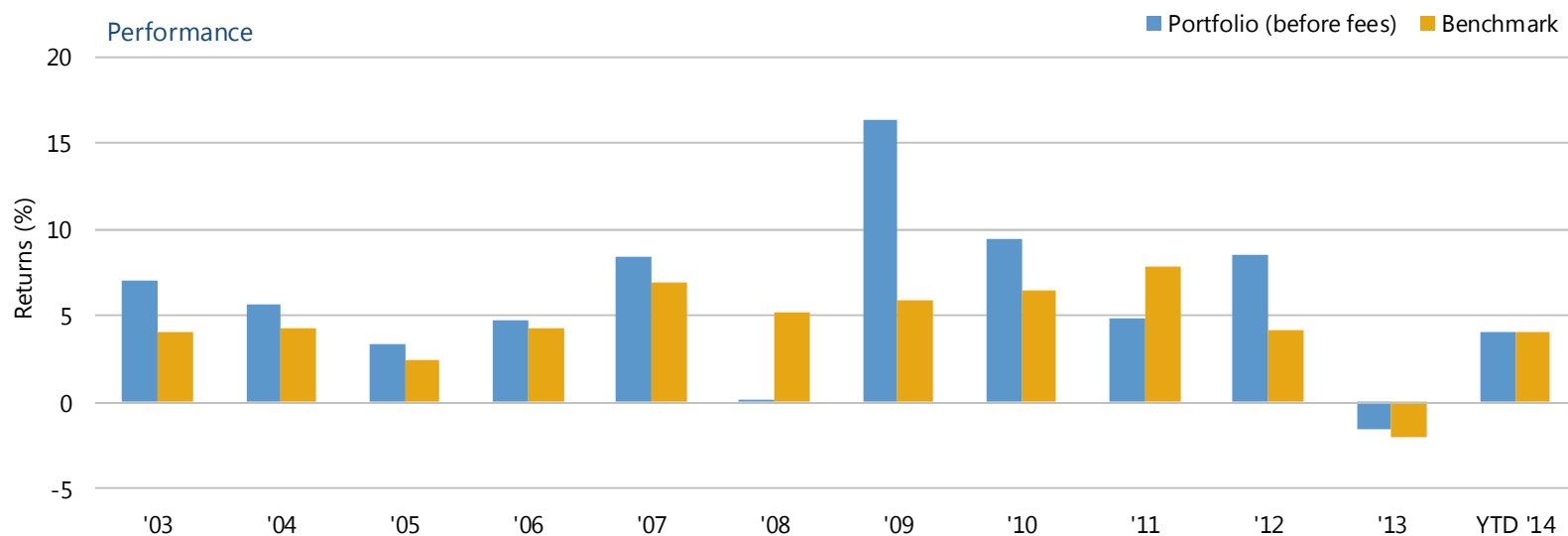
* Geraldine Sundstrom was hired in 2014 but will join PIMCO in 2015

2. Performance review

Performance review: Core Bond portfolio

Contra Costa County Employees Retirement Association

Market value as of Sep '14 \$ 392,833,537



Contra Costa County Employees Retirement Association

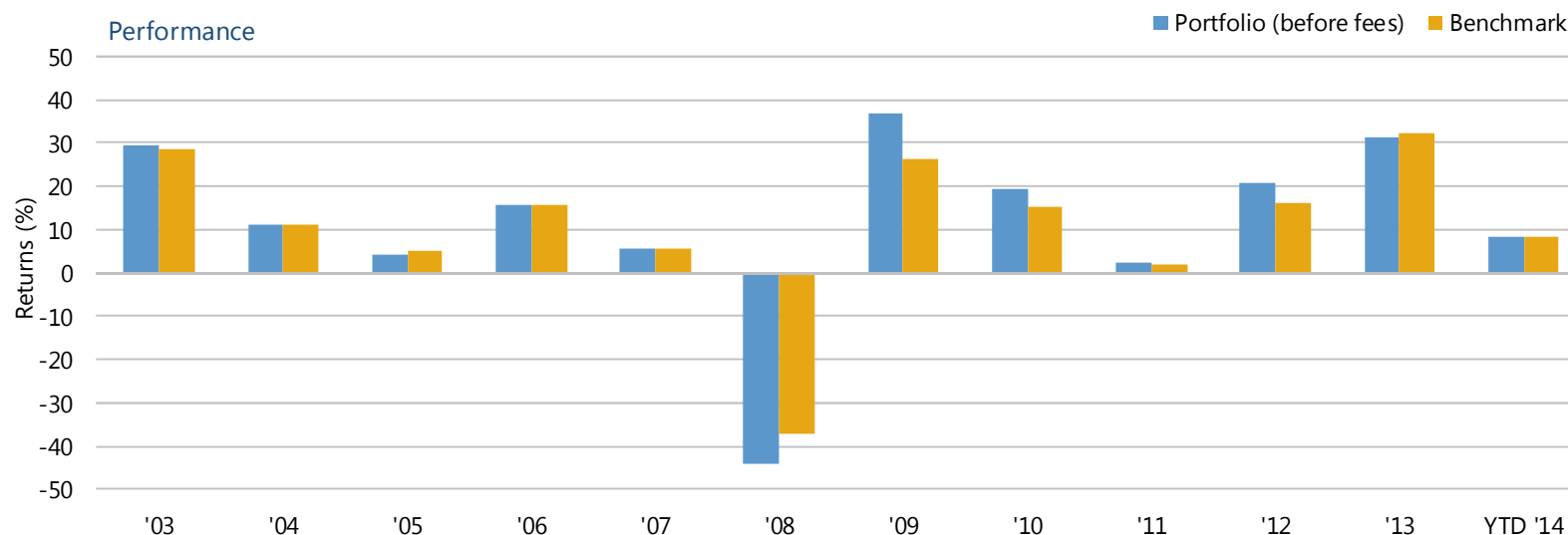
	Since inception 31 May '02	10 Yrs.	5 Yrs.	3 Yrs.	1 Yr.	3 Mos.	YTD 30 Sep '14
Before fees (%)	6.1	5.9	5.3	4.2	4.1	0.0	4.1
After fees (%)	5.8	5.6	5.0	3.9	3.8	-0.1	3.9
Benchmark (%)	4.9	4.6	4.1	2.4	4.0	0.2	4.1

As of 30 September 2014
 All periods longer than one year are annualized
 Benchmark: BCAG from 6/14/02.

Performance review: StocksPLUS AR portfolio

Contra Costa County Employees' Retirement Association*

Market value as of Sep '14 \$ 300,100,144



Contra Costa County Employees' Retirement Association*

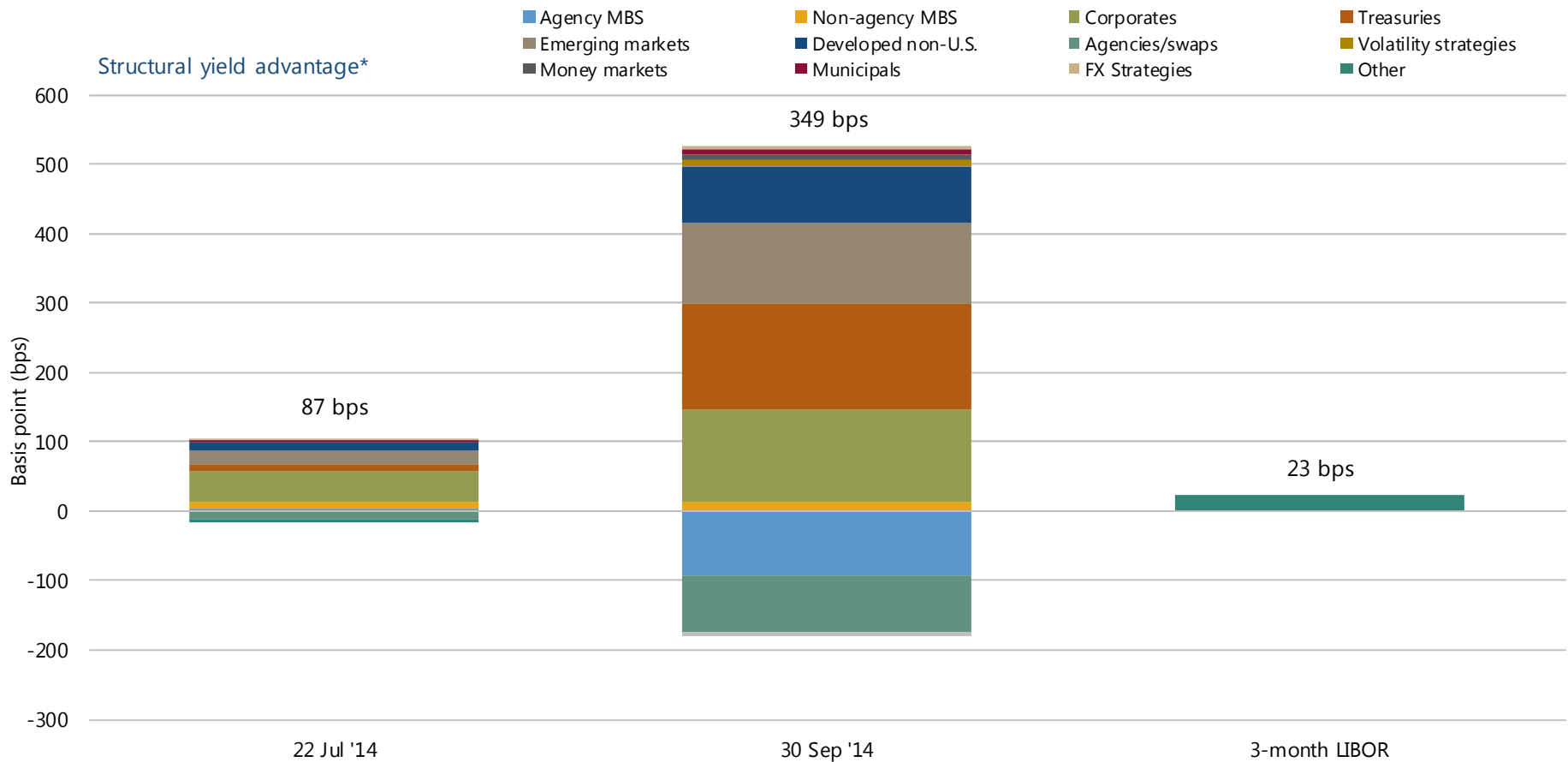
	Since inception 31 Aug '02	10 Yrs.	5 Yrs.	3 Yrs.	1 Yr.	3 Mos.	YTD 30 Sep '14
Before fees (%)	9.1	8.4	17.6	24.5	19.5	0.5	8.3
After fees (%)	8.8	8.1	17.2	24.1	19.1	0.4	8.1
Benchmark (%)	8.7	8.1	15.7	23.0	19.7	1.1	8.3

As of 30 September 2014
 All periods longer than one year are annualized
 Benchmark: S&P 500 Index

* Transition to StocksPLUS AR effective 1 August 2014

Opportunities to capture high quality sources of structural yield persist

CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION: STOCKSPUS



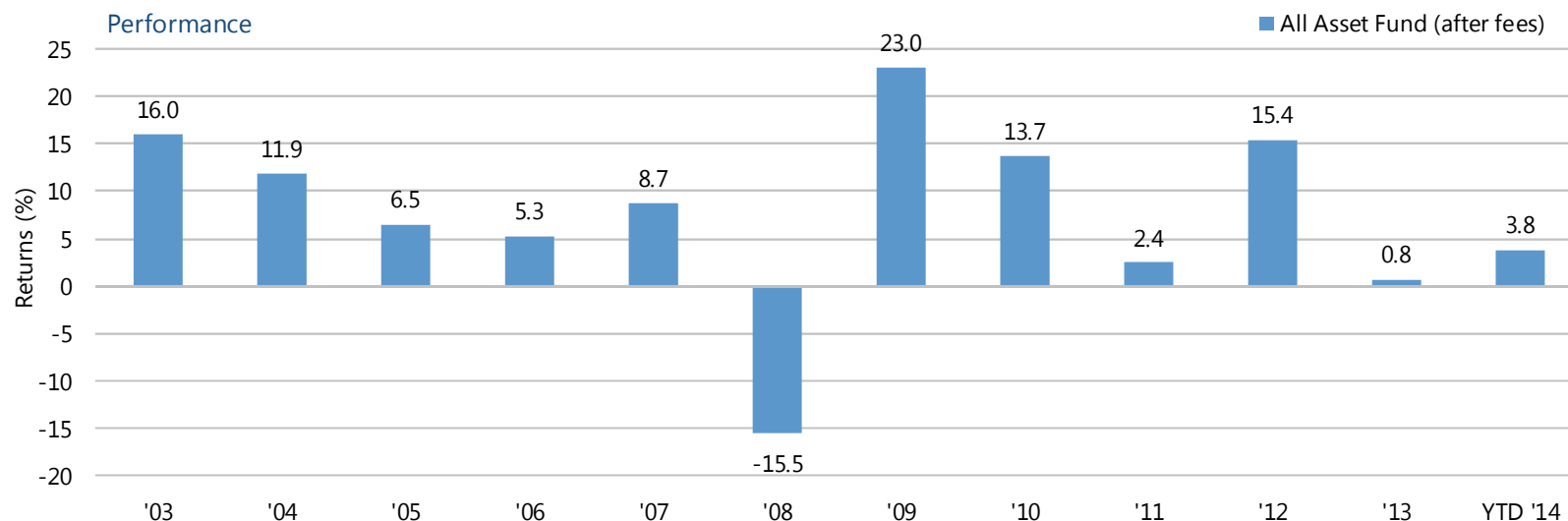
As of 30 September 2014

* "Structural yield advantage" is a proprietary PIMCO measure of potential total return in excess of LIBOR associated with the amount of extra yield earned by a portfolio plus any additional return garnered (or given up) through yield curve roll down, option positions, and financing

PIMCO All Asset Fund performance review

Contra Costa County Employees' Retirement

Market value as of Sep '14 \$ 118,134,977



PIMCO All Asset Fund

	Fund inception 31 Jul '02	10 yrs.	5 yrs.	3 yrs.	Account inception ¹ 28 Feb '13	1 yr.	9 mos.	3 mos.
After fees (%)	8.1	6.4	7.5	8.0	2.3	5.2	3.8	-2.9
Barclays U.S. TIPS:1-10 Yr Index (%)	4.8	4.0	3.4	0.9	-2.4	0.6	1.9	-2.0
CPI+ 5 (%)	7.3*	7.3*	7.0*	6.6*	6.4*	6.7*	5.2*	1.4*

As of 30 September 2014

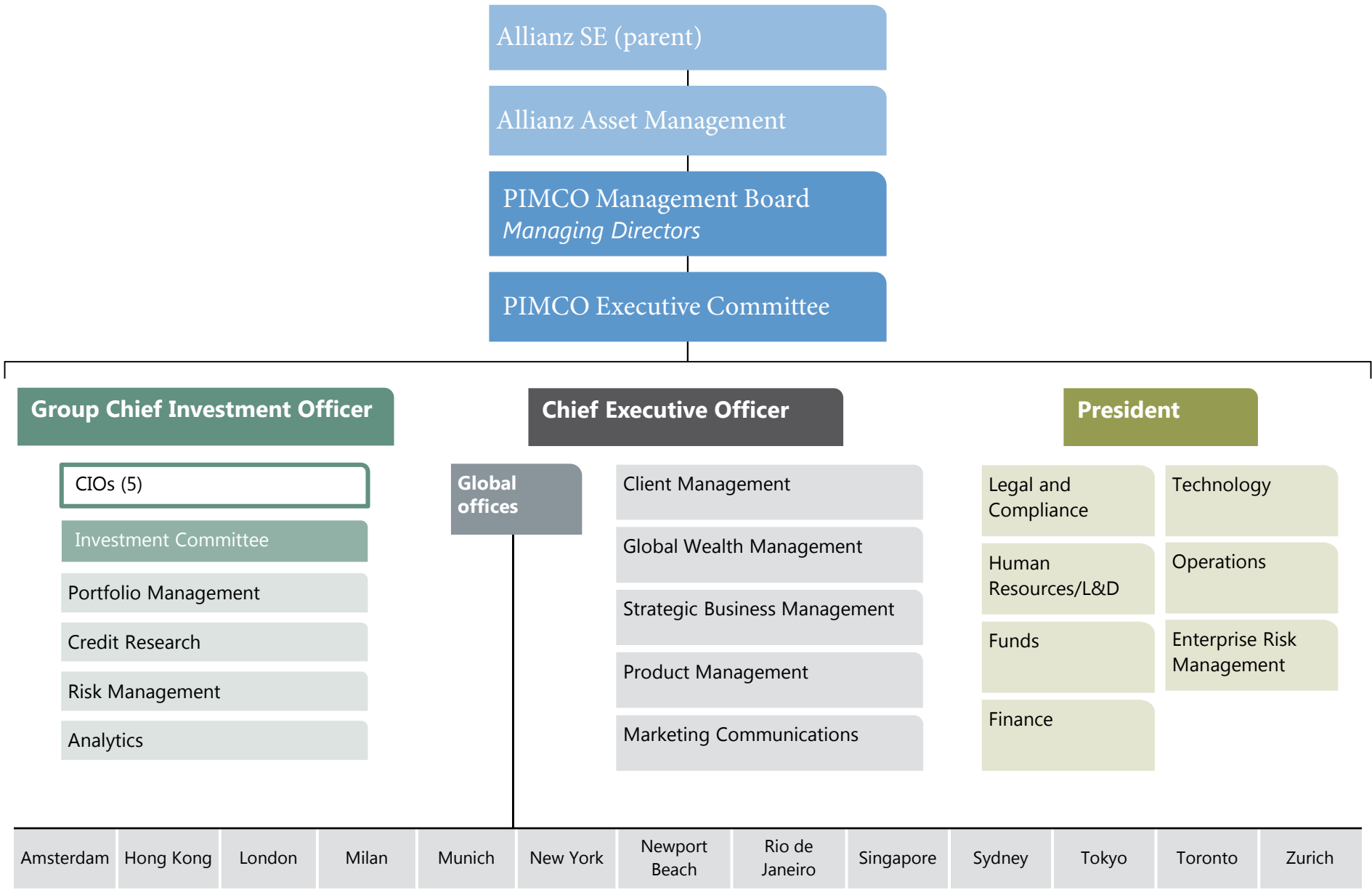
¹ Actual inception date: 26 February 2013

* Due to data lag in release of CPI, data as of 31 August 2014

All periods longer than one year are annualized

3. Appendix

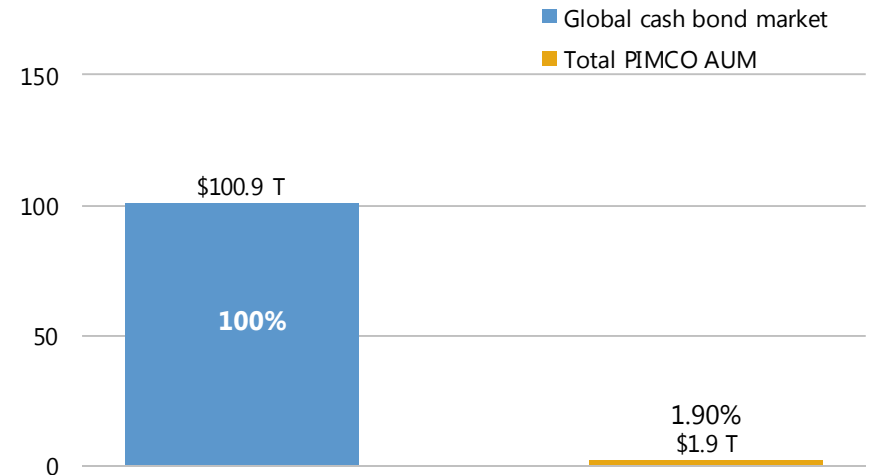
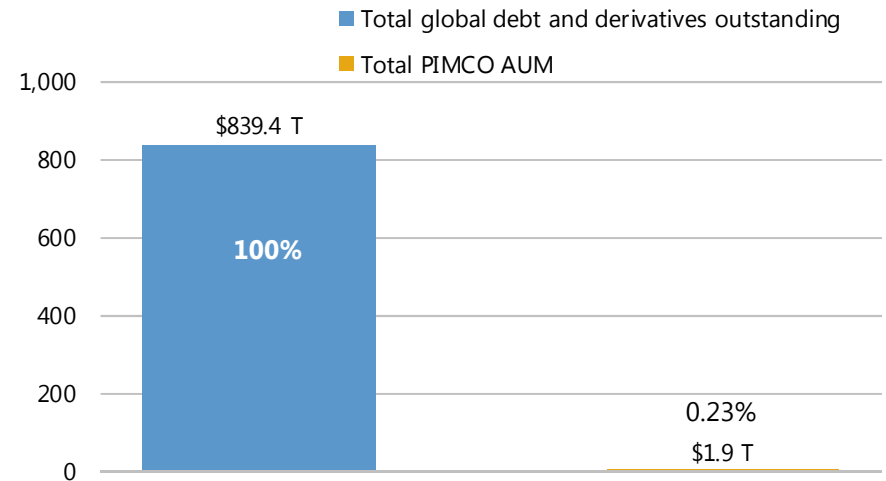
Organizational structure remains the same



Global fixed income markets are extraordinarily deep and liquid

- The global fixed income markets are large, over \$800 trillion in debt and derivatives outstanding
- PIMCO's total assets under management represent only 0.23% of the total global fixed income market

- As a percent of the cash bond market, even excluding global derivatives markets, PIMCO's total assets under management represent only 1.90%

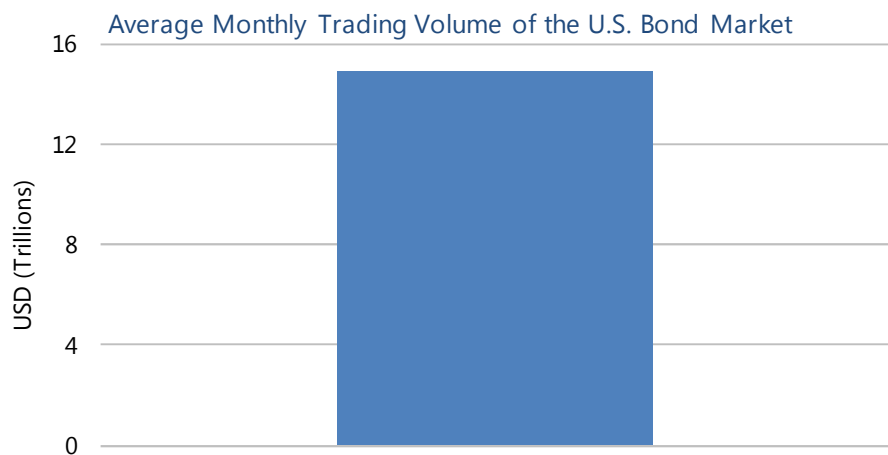
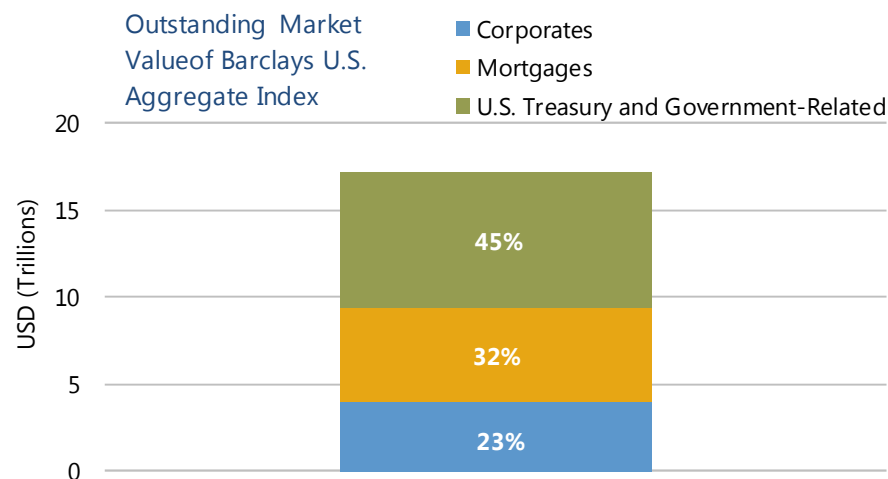


As of 26 September 2014
 Global market size per SIFMA, Bank for International Settlements December 31, 2013
 PIMCO AUM includes both those managed on behalf of third-party clients as well as affiliated accounts December 31, 2013

Managing liquidity: The Barclays Aggregate Index

- Index market value: \$17.2 trillion
- Index composition: highly liquid sectors

- The average monthly U.S. fixed income trading volume is almost \$15 trillion
- Trading volumes are large and demonstrate the deep liquidity of the U.S. fixed income market



Barclays U.S. Aggregate Index data per Barclays as of 26 September 2014
 Average U.S. bond market trading volumes per SIFMA as of 31 August 2014

Managing liquidity risk: PIMCO's approach and process

Portfolio Risk Management team monitors liquidity daily for all portfolios

Expertise

- Designated portfolio management teams review and manage cash and liquidity across all portfolios
- PIMCO manages \$130.49 billion across dedicated money market, short-term, and low duration strategies

Process

- Liquid assets are held to meet potential cash flow needs, employing liquidity targets measured by PIMCO's global risk model.
- PIMCO's risk model estimates potential liquidity needs based on a combination of previously observed high stress scenarios and macro shocks

Record

- PIMCO has successfully managed the liquidity needs of clients in the most challenging market environments, including the 2008 financial crisis and the 2012 European debt contagion, all while entire segments of the global capital markets were frozen

Assets under management by strategy

PIMCO manages \$1.97 trillion in assets, including \$1.55 trillion in third-party client assets

Alternatives		Billions (\$)
Liquid Absolute Return	Unconstrained bond strategies, credit absolute return, other absolute return strategies	35.34
Hedge Funds	Global macro, long/short credit, multi-asset volatility arbitrage strategies, relative value commodities	16.19
Opportunistic/Distressed	Opportunistic strategies focusing on real estate related assets (residential, commercial), corporate credit	5.40
Asset Allocation		
Asset Allocation Strategies	Global Multi Asset, All Asset, EM Multi Asset, Real Retirement, Inflation-Response Multi Asset, DRA	81.88
Equities		
Equity Strategies	Combines derivatives-based equity exposure with active bond management and active equities	25.18
Real Return		
Real Return Strategies	Combines inflation linked strategies, actively managed commodities, and real-estate linked exposure	91.40
Fixed Income		
Total Return ^{1,2}	Total Return	259.81
Intermediate ²	Core Strategies, Moderate Duration	222.10
Credit	Investment Grade Corporates, Bank Loans, High Yield Corporates, Convertibles	190.68
Cash Management ²	Money Market, Short-Term, Low Duration	130.49
Long Duration	Focus on long-term bonds; asset liability management	138.95
Global	Non-U.S. and global multiple currency formats	124.40
Emerging Markets	Local debt, external debt, currency	65.22
Mortgages	Agency MBS, structured credit (non-Agency MBS, CMBS, and ABS)	47.77
Income	Income-oriented, insurance income	64.96
Diversified Income	Global credit combining corporate and emerging markets debt	29.18
Municipals	Tax-efficient total return management	12.94
Other		11.76
Total assets under management		\$ 1,553.67 B

Stable Value ²	Stable income with emphasis on principal stability	30.11
Tail-Risk Hedging ³	Pooled and customized portfolios of actively managed tail-risk hedges	41.51

As of 30 June 2014

SOURCE: PIMCO

Assets reflect those managed on behalf of third-party clients and exclude affiliated assets. Fund of funds assets have been netted from each strategy.

Potential differences in asset totals are due to rounding. Represents assets of strategy group in dedicated and non-dedicated portfolios.

¹ Total Return has been segregated to isolate the assets of PIMCO sponsored U.S. Total Return 1940-act fund and foreign pool fund accounts. All other U.S. Total Return portfolios are included in the Intermediate category.

² Stable value assets have not been netted from U.S. Total Return, U.S. Moderate Duration and U.S. Low Duration assets

³ Tail-risk hedging assets reflect total notional value of dedicated mandates and are not counted towards PIMCO total assets under management

PIMCO snapshot

History

- Founded in 1971
- Investment solutions include fixed income, equities, alternatives and asset allocation
- Assets under management: \$1.97 trillion
 - \$1.55 trillion in third-party client assets
 - Full complement of vehicles to meet client needs (mutual funds, separate accounts, LPs, ETFs)
- Award-winning client service

People

Employees **2,433**

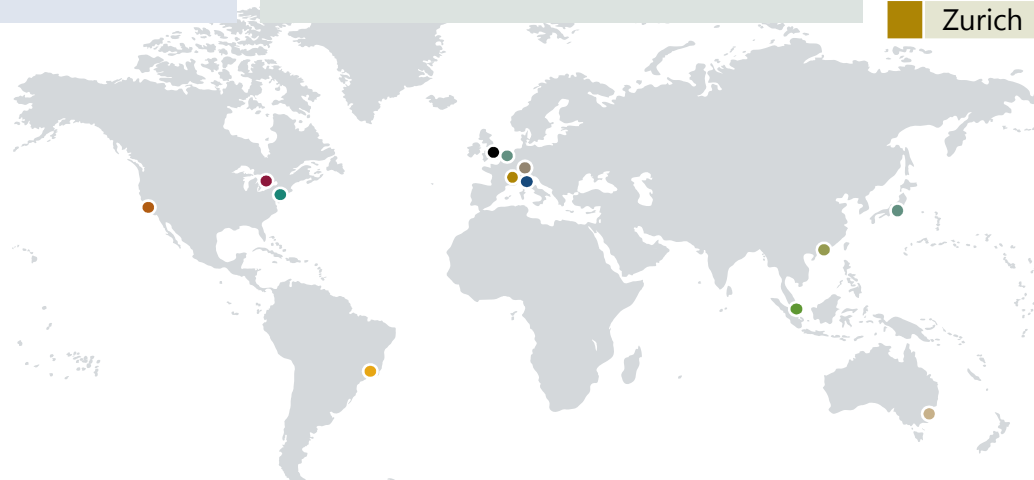
- Investment professionals 731
- Technical and support 1,702
- Collaborative team-oriented approach

Highly experienced **Avg Yrs Experience** **Avg Yrs at PIMCO**

- All investment professionals 13 6
- Senior professionals 19 10

Global presence

	Offices	Investment Professionals
	Amsterdam	2
	Hong Kong	14
	London	130
	Milan	2
	Munich	61
	New York	120
	Newport Beach	338
	Rio de Janeiro	6
	Singapore	11
	Sydney	12
	Tokyo	27
	Toronto	3
	Zurich	5



As of 30 June 2014

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

Appendix

Investors should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. This and other information are contained in the fund's prospectus and summary prospectus, if available, which may be obtained by contacting your investment professional or PIMCO representative or by visiting www.pimco.com/investments. Please read them carefully before you invest or send money.

PERFORMANCE AND FEE

Past performance is not a guarantee or a reliable indicator of future results. The performance figures presented reflect the total return performance for the Institutional Class shares (after fees) and reflect changes in share price and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized.

PIMCO Foreign Bond Fund (U.S. Dollar-Hedged)

Investing in foreign denominated and/or domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. Investing in the bond market is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and the current low interest rate environment increases this risk. Current reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. Mortgage and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk, and their value may fluctuate in response to the market's perception of issuer creditworthiness; while generally supported by some form of government or private guarantee there is no assurance that private guarantors will meet their obligations. High-yield, lower-rated, securities involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. Equities may decline in value due to both real and perceived general market, economic, and industry conditions. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. The Fund is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

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INDEX DESCRIPTIONS

The JPMorgan Government Bond Indices Global ex-US Index Hedged in USD is an unmanaged index representative of the total return performance in U.S. dollars of major non-U.S. bond markets.

It is not possible to invest directly in an unmanaged index.

Appendix

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