

QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT  
for

Contra Costa County  
Employees' Retirement  
Association

FOR THE PERIOD ENDING  
*June 30, 2011*

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August 29, 2011

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## MARKET OVERVIEW

### *Domestic Equity Markets*

During the second quarter of 2011 the US equity rally stalled. The S&P 500 returned 0.1% versus 5.9% in the first quarter. Small cap stocks declined, with the Russell 2000® Index down -1.6% versus up 7.9% for the prior quarter.

Five of the ten S&P 500 sectors had positive returns during the second quarter. The Healthcare sector had the greatest gain (7.9%), followed by Utilities (6.2%), Consumer Staples (5.3%), Consumer Discretionary (3.4%), and Telecom Services (2.1%). Financials had the greatest decline during the quarter (-6.0%), followed by Energy (-4.8%), Information Technology (-1.4%), Materials (-0.9%), and Industrials (-0.7%).

In the quarter, Growth stocks outperformed Value securities. In domestic large capitalization, the Russell 1000® Growth Index returned 0.8%, compared to the Russell 1000® Value Index return of -0.5%. In small caps, the Russell 2000® Growth Index returned -0.6% while the Russell 2000® Value Index returned -2.7%.

### *International Equity Markets*

International equity markets had a positive return (in US\$) during the quarter despite the continued fears regarding solvency in the Euro-zone and the introduction of austerity measures for struggling Euro-zone countries. The MSCI EAFE Index returned 1.8% during the quarter (with a June return of -1.2%, a May return of -2.8%, and an April return of 6.1%). The weakening dollar enhanced results for US investors as the MSCI EAFE return prior to translation into US\$ was -0.5%. The European portion of EAFE had a return of 2.9%, while the MSCI Pacific Index had a return of 0.0%.

### *Domestic Bond Markets*

The Barclays Capital Aggregate Bond Index returned 2.3% during the quarter. Reversing the trend of last quarter, longer-duration bonds outperformed shorter-duration bonds. The Barclays Capital Long Government/Credit Index returned 3.3% while the shorter Barclays Capital 1-3 Year Government/Credit Index returned 0.9%. Government issues slightly outperformed credit issues in the quarter. The Barclays Capital Credit Index returned 2.3% compared to 2.4% for the Barclays Capital Treasury Index. The Barclays Mortgage Index returned 2.3%, and high yield securities eked out a small return as the Merrill Lynch High Yield Master II Index returned 1.0%.

### *Real Estate*

The domestic real estate market, as measured by the NCREIF ODCE Property Index, was up 3.9% for the second quarter of 2011. The FTSE NAREIT Equity Index, which measures the domestic public REIT market, returned 3.6%. Global real estate securities, as measured by the FTSE EPRA/NAREIT Global Developed Markets Index, returned 2.5%.

## KEY POINTS

### *Second Quarter, 2011*

- The CCCERA Total Fund returned 1.8% for the second quarter, above the 0.9% return of the median total fund and the 1.1% return of the median public fund. CCCERA Total Fund performance has been first quartile through the past two years, slightly below the public fund median over the past three and four years and well above median over the five through ten-year periods.
- CCCERA domestic equities returned 0.2% in the quarter, better than the 0.0% return of the Russell 3000® Index and the 0.0% return of the median equity manager, ranking in the 37<sup>th</sup> percentile of fixed income managers.
- CCCERA international equities returned 2.9% for the quarter, exceeding the 1.8% return of the MSCI EAFE Index and the 1.1% return of the median international equity manager.
- CCCERA global equities returned 0.9% in the quarter, exceeding the MSCI ACWI return of 0.4% and ranking in the 30<sup>th</sup> percentile of global equity managers.
- CCCERA fixed income returned 1.8% for the quarter, lagging the Barclays U.S. Universal return of 2.2% and the median fixed income manager return of 2.0%.
- CCCERA global fixed income returned 2.2%, trailing the 3.1% return of the Barclays Global Aggregate Index. This return ranked in the 57<sup>th</sup> percentile of global fixed income managers.
- CCCERA alternative assets returned 5.3% for the quarter, exceeding the target 1.1% return of the S&P 500 + 400 basis points per year.
- CCCERA real estate returned 4.2% for the quarter. This return exceeded the median real estate manager return of 3.7% and the CCCERA real estate benchmark return of 3.9%.
- The CCCERA opportunistic allocation returned -0.2% in the second quarter.
- Total equity at 50.2% was above its target weight of 48% at the end of the second quarter. Alternative investments remained below their long-term target. U.S. equities are the “parking place” for assets intended for alternative investments.
- New manager target allocations will be implemented within the next few months as a result of the recent asset allocation study.

## WATCH LIST

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

- Adelante slightly lagged its benchmark in the second quarter. Longer-term results mostly lag the benchmark. We recommend conducting an on-site visit with Adelante.
- Goldman Sachs was placed on the Watch List due to continuing personnel changes within the fixed income team. Further changes have occurred since that time, most recently with the departure of Gregg Felton and the addition of Kent Wosepka as head of global credit research in January 2011. Performance has remained competitive. If there are no significant personnel departures and performance holds up through the third quarter of 2011, we will recommend removing Goldman Sachs from the Watch List.
- Both INVESCO real estate funds performed well over the past year, but they continue to rank poorly in the real estate universe over longer trailing time periods.
- Nogales will remain on the Watch List until the fund is completely wound down.

## SUMMARY

CCCERA's second quarter return of 1.8% was above the median total fund and the median public fund. Performance was strong over the past year. CCCERA slightly trailed the median public fund over the past three and four-year periods. CCCERA has out-performed both medians over trailing time periods longer than five years.

CCCERA total domestic equities returned 0.2% for the quarter, better than the 0.0% return of the Russell 3000® and the 0.0% return of the median manager. Of CCCERA's domestic equity managers, Intech Large Cap Core had the best absolute return at 2.0%, above the 0.1% return of the S&P 500 Index. Delaware returned 1.9%, better than the Russell 1000® Growth Index return of 0.8%. Intech Enhanced Plus returned 1.5%, better than the S&P 500 Index return of 0.1%. PIMCO returned 0.1%, matching the S&P 500. Robeco returned -0.1%, better than the -0.5% return of the Russell 1000® Value Index. Emerald returned -0.2%, better than the -0.6% return of the Russell 2000® Growth Index. Wentworth Hauser returned -0.4%, trailing the S&P 500 of 0.1%. Finally, State Street(former Rothschild) returned -2.7%, matching the Russell 2000® Value return of -2.7%.

CCCERA international equities returned 2.9%, exceeding the 1.8% return of the MSCI EAFE Index and the 1.1% return of the median international manager. The GMO Intrinsic Value portfolio returned 3.3%, better than the 1.0% return of the MSCI EAFE Value Index. The William Blair portfolio returned 2.4%, better than the MSCI ACWI ex-US Growth Index return of 0.9%.

CCCERA global equities returned 0.9%, exceeding the 0.4% return of the MSCI ACWI benchmark and the 0.6% return of the median international manager. The J.P. Morgan portfolio returned 1.3%, better than the 0.4% return of the MSCI EAFE Value Index. The First Eagle portfolio returned 2.0%, significantly better than the MSCI ACWI Index return of 0.4%. Finally, Tradewinds returned -1.3%, lagging the ACWI return of 0.4%.

CCCERA total domestic fixed income returned 1.8% for the second quarter, trailing the 2.2% return of the Barclays Universal Index and the 2.0% return of the median fixed income manager. Lord Abbett returned 2.3%, matching the Barclays U.S. Aggregate and slightly exceeding the median fixed income manager. Goldman Sachs also returned 2.3%, matching the Barclays U.S. Aggregate Index and slightly better than the median fixed income manager. AFL-CIO returned 2.2% which slightly trailed the Barclays U.S. Aggregate but was better than the median fixed income manager. PIMCO returned 1.9%, trailing the Barclays U.S. Aggregate and the median. The Torchlight Fund III returned 1.2% in the second quarter, better than the Merrill Lynch High Yield II Index return of 1.0%. The workout portfolio returned 1.0%, trailing the Barclays Aggregate return of 2.3%. Allianz Global returned 0.9%, which nearly matched the 1.0% return of the ML High Yield II Index and exceeded the 0.6% return of the median high yield manager. The Torchlight II fund returned -0.3%, trailing the ML High Yield II Index and the high yield fixed income median.

Lazard Asset Management returned 2.2% in the second quarter, which trailed the Barclays Global Aggregate return of 3.1% and ranked in the 57<sup>th</sup> percentile of global fixed income portfolios.

CCCERA total alternative investments returned 5.3% in the second quarter. Pathway returned 9.9%, Paladin III returned 9.5%, Adams Street Partners returned 6.4%, Energy Investor Fund II returned 1.3%, Energy Investor Fund III returned 0.5%, Bay Area Equity Fund returned 0.2%, Energy Investor Fund returned 0.2%, Carpenter Community Bancfund returned 0.1%, and Nogales returned -0.2%. (Due to timing constraints, all alternative portfolio returns are for the quarter ending March 31, 2011.)



The median real estate manager returned 3.7% for the quarter while CCCERA's total real estate returned 4.2%. Invesco Fund I returned 17.6%, Invesco Fund II returned 7.9%, Fidelity II returned 4.0%, Adelante Capital REIT returned 3.7%, Invesco International REIT returned 3.1%, DLJ's RECP IV returned 2.7%, Willows Office Property returned 2.3%, Fidelity III returned 1.6%, DLJ RECP III returned 0.4%, BlackRock Realty returned -1.2%, DLJ's RECP II returned and -2.1%. (Due to timing constraints, the DLJ portfolio returns are for the quarter ending March 31, 2011.)

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

### **Asset Allocation**

The CCCERA fund at June 30, 2011 was above target in domestic equity (30.0% vs. 28.0%) and real estate (11.9% vs. 11.5%). Asset classes below their respective targets included investment grade fixed income (23.4% vs. 23.7%) and alternatives (5.4% vs. 7.0%). International equity, global equity, global fixed income, high yield and cash were close to their respective targets. Assets earmarked for alternative investments are temporarily invested in U.S. equities.

### **Private Investment Commitments**

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

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

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

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

## Performance Compared to Investment Performance Objectives

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

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

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

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

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

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

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

	<b>Market Value</b>	<b>% of Portion</b>	<b>% of Total</b>	<b>Target % of Total</b>
<b>EQUITY - DOMESTIC</b>				
Delaware Investments	\$ 302,156,596	19.3 %	5.8 %	5.5 %
Emerald	200,398,312	12.8	3.8	2.6
Intech - Enhanced Plus	24,651,846	1.6	0.5	0.4
Intech - Large Core	187,428,319	11.9	3.6	3.4
PIMCO	169,789,984	10.8	3.2	2.4
Robeco	298,008,166	19.0	5.7	5.5
State Street/Rothschild	187,274,227	11.9	3.6	2.6
Wentworth	198,853,159	12.7	3.8	3.8
<b>TOTAL DOMESTIC</b>	<b>\$ 1,568,560,609</b>	<b>59.7 %</b>	<b>30.0 %</b>	<b>28.0 %</b>
<b>INTERNATIONAL EQUITY</b>				
State Street Transition	\$ 260,129	0.0 %	0.0 %	0.0 %
William Blair	269,977,013	10.3	5.2	5.2
GMO Intrinsic Value	283,655,385	10.8	5.4	5.2
<b>TOTAL INT'L EQUITY</b>	<b>\$ 553,892,527</b>	<b>21.1 %</b>	<b>10.6 %</b>	<b>10.4 %</b>
<b>GLOBAL EQUITY</b>				
J.P. Morgan	\$ 256,395,577	9.8 %	4.9 %	4.8 %
First Eagle	127,025,359	4.8	2.4	2.4
Tradewinds	121,222,486	4.6	2.3	2.4
<b>TOTAL GLOBAL EQUITY</b>	<b>\$ 504,643,422</b>	<b>19.2 %</b>	<b>9.7 %</b>	<b>9.6 %</b>
<b>TOTAL EQUITY</b>	<b>\$ 2,627,096,558</b>	<b>100.0 %</b>	<b>50.2 %</b>	<b>48.0 %</b>
			<i>Range:</i>	<i>45 to 53 %</i>
<b>FIXED INCOME</b>				
AFL-CIO	\$ 174,047,943	12.1 %	3.3 %	3.4 %
Goldman Sachs Core	271,970,573	19.0	5.2	5.4
Workout (GSAM)	22,488,062	1.6	0.4	0.0
Lord Abbett	271,275,275	18.9	0.0	5.4
PIMCO	358,313,100	25.0	6.9	6.9
Torchlight II	51,272,319	3.6	1.0	0.9
Torchlight III	73,491,060	5.1	1.4	1.7
<b>TOTAL US FIXED INCOME</b>	<b>\$ 1,222,858,332</b>	<b>85.3 %</b>	<b>23.4 %</b>	<b>23.7 %</b>
<b>GLOBAL FIXED</b>				
Lazard Asset Mgmt	\$ 210,549,934	14.7 %	4.0 %	4.0 %
<b>TOTAL GLOBAL FIXED</b>	<b>\$ 210,549,934</b>	<b>14.7 %</b>	<b>4.0 %</b>	<b>4.0 %</b>
<b>TOTAL INV GRADE FIXED</b>	<b>\$ 1,433,408,266</b>	<b>100.0 %</b>	<b>27.4 %</b>	<b>27.7 %</b>
			<i>Range:</i>	<i>24 to 34 %</i>
<b>HIGH YIELD</b>				
Allianz Global Investors	\$ 153,834,989	100.0 %	2.9 %	3.0 %
<b>TOTAL HIGH YIELD</b>	<b>\$ 153,834,989</b>	<b>100.0 %</b>	<b>2.9 %</b>	<b>3.0 %</b>
			<i>Range:</i>	<i>1 to 5 %</i>

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

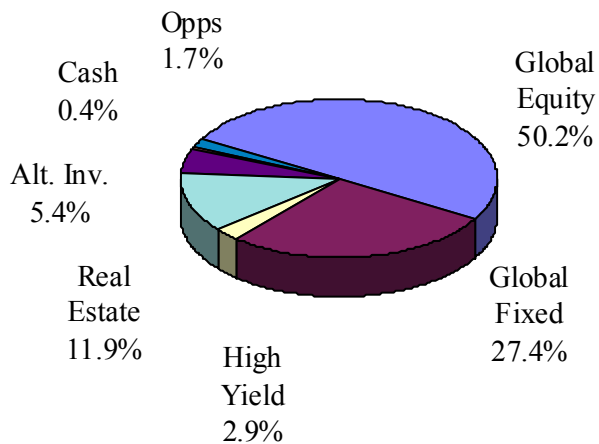
	<u>Market Value</u>	<u>% of Portion</u>	<u>% of Total</u>	<u>Target % of Total</u>
<b>REAL ESTATE</b>				
Adelante Capital	\$ 336,360,747	54.0 %	6.4 %	1.4 %
BlackRock Realty	261,438	0.0	0.0	-
DLJ RECP II	3,735,032	0.6	0.1	-
DLJ RECP III	40,033,465	6.4	0.8	-
DLJ RECP IV	45,002,215	7.2	0.9	-
Fidelity II	15,193,920	2.4	0.3	-
Fidelity III	33,326,707	5.4	0.6	-
Hearthstone I	63,906	0.0	0.0	-
Hearthstone II	-11,643	0.0	0.0	-
Invesco Fund I	30,539,803	4.9	0.6	-
Invesco Fund II	53,600,318	8.6	1.0	-
Invesco International REIT	56,526,878	9.1	1.1	1.0
Willows Office Property	8,000,000	1.3	0.2	-
<b>TOTAL REAL ESTATE</b>	<b>\$ 622,632,786</b>	<b>100.0 %</b>	<b>11.9 %</b>	<b>11.5 %</b>
			<i>Range:</i>	<i>8 to 14 %</i>
<b>ALTERNATIVE INVESTMENTS</b>				
Adams Street Partners	\$ 92,083,169	32.8 %	1.8 %	- %
Bay Area Equity Fund	10,102,669	3.6	0.2	-
Carpenter Bancfund	22,200,776	7.9	0.4	-
Energy Investor Fund	2,959,954	1.1	0.1	-
Energy Investor Fund II	43,008,676	15.3	0.8	-
Energy Investor Fund III	21,329,546	7.6	0.4	-
Nogales	2,681,371	1.0	0.1	-
Paladin III	11,646,836	4.2	0.2	-
Pathway Capital	74,473,545	26.6	1.4	-
<b>TOTAL ALTERNATIVE</b>	<b>\$ 280,486,542</b>	<b>100.0 %</b>	<b>5.4 %</b>	<b>7.0 %</b>
			<i>Range:</i>	<i>5 to 9 %</i>
<b>OPPORTUNISTIC</b>				
Goldman Sachs Opps	\$ 67,725,488	76.8 %	1.3 %	1.4 %
Oaktree PIF 2009	20,448,445	23.2	0.4	0.9
<b>TOTAL OPPORTUNISTIC</b>	<b>\$ 88,173,933</b>	<b>100.0 %</b>	<b>1.7 %</b>	<b>2.3 %</b>
<b>CASH</b>				
Custodian Cash	\$ 21,056,038	91.0 %	0.4 %	- %
Treasurer's Fixed	2,080,000	9.0	0.0	-
<b>TOTAL CASH</b>	<b>\$ 23,136,038</b>	<b>100.0 %</b>	<b>0.4 %</b>	<b>0.5 %</b>
			<i>Range:</i>	<i>0 to 1 %</i>
<b>TOTAL ASSETS</b>	<b>\$ 5,228,769,112</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

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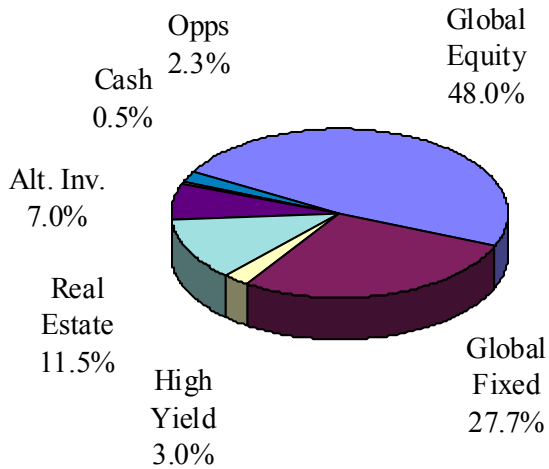
# ASSET ALLOCATION

As of June 30, 2011

## CCCERA Asset Allocation



## Target Asset Allocation



**CUMULATIVE PERFORMANCE STATISTICS**  
**Performance through Second quarter, 2011**

<b>DOMESTIC EQUITY</b>	<b>3 Mo</b>	<b>1 Yr</b>	<b>2 Yr</b>	<b>3 Yr</b>	<b>4 Yr</b>	<b>5 Yr</b>	<b>7 Yr</b>	<b>10 Yr</b>
<b>Delaware</b>	<b>1.9 %</b>	<b>36.5 %</b>	<b>24.7 %</b>	<b>6.3 %</b>	<b>2.7 %</b>	<b>4.2 %</b>	<b>- %</b>	<b>- %</b>
<i>Rank vs Equity</i>	13	26	45	37	31	51	-	-
<i>Rank vs Lg Growth</i>	13	25	27	16	34	66	-	-
<b>Emerald Advisors</b>	<b>-0.2</b>	<b>50.6</b>	<b>35.7</b>	<b>11.7</b>	<b>3.8</b>	<b>5.6</b>	<b>7.7</b>	<b>-</b>
<i>Rank vs Equity</i>	56	2	5	9	21	35	33	-
<i>Rank vs Sm Cap Growth</i>	51	17	21	29	51	76	77	-
<b>Intech - Enhanced Plus</b>	<b>1.5</b>	<b>32.6</b>	<b>23.7</b>	<b>4.0</b>	<b>0.1</b>	<b>3.5</b>	<b>5.4</b>	<b>-</b>
<i>Rank vs Equity</i>	17	44	53	58	56	62	62	-
<i>Rank vs Lg Core</i>	12	16	23	31	22	32	28	-
<b>Intech - Large Core</b>	<b>2.0</b>	<b>32.6</b>	<b>23.6</b>	<b>4.2</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Equity</i>	12	45	54	55	53	-	-	-
<i>Rank vs Lg Core</i>	7	19	24	27	16	-	-	-
<b>PIMCO Stocks Plus</b>	<b>0.1</b>	<b>33.5</b>	<b>27.7</b>	<b>4.6</b>	<b>-0.7</b>	<b>3.3</b>	<b>4.4</b>	<b>-</b>
<i>Rank vs Equity</i>	39	39	33	51	66	64	78	-
<i>Rank vs Lg Core</i>	26	9	4	18	41	37	54	-
<b>Robeco Boston Partners</b>	<b>-0.1</b>	<b>29.0</b>	<b>21.7</b>	<b>6.3</b>	<b>0.0</b>	<b>4.3</b>	<b>7.0</b>	<b>5.8</b>
<i>Rank vs Equity</i>	54	72	77	37	57	49	41	44
<i>Rank vs Lg Value</i>	44	51	67	12	19	17	12	28
<b>State Street/Rothschild</b>	<b>-2.7</b>	<b>37.6</b>	<b>25.5</b>	<b>3.7</b>	<b>-0.2</b>	<b>3.8</b>	<b>7.3</b>	<b>-</b>
<i>Rank vs Equity</i>	87	23	41	61	60	56	38	-
<i>Rank vs Sm Cap Value</i>	73	28	95	95	75	71	62	-
<b>Wentworth, Hauser</b>	<b>-0.4</b>	<b>35.3</b>	<b>19.9</b>	<b>4.5</b>	<b>0.7</b>	<b>3.9</b>	<b>5.4</b>	<b>3.7</b>
<i>Rank vs Equity</i>	60	31	84	51	50	54	61	66
<i>Rank vs Lg Core</i>	84	4	91	19	14	17	27	37
<b>Total Domestic Equities</b>	<b>0.2</b>	<b>35.0</b>	<b>25.0</b>	<b>5.5</b>	<b>0.7</b>	<b>3.9</b>	<b>5.7</b>	<b>3.3</b>
<i>Rank vs Equity</i>	37	32	43	43	50	54	56	71
Median Equity	0.0	32.0	24.1	4.7	0.7	4.3	6.1	5.2
S&P 500	0.1	30.7	22.3	3.3	-1.1	3.0	4.2	2.7
Russell 3000®	0.0	32.4	23.8	4.0	-0.5	3.4	4.9	3.4
Russell 1000® Value	-0.5	28.9	22.8	2.3	-3.5	1.2	4.4	4.0
Russell 1000® Growth	0.8	35.0	23.9	5.0	2.2	5.3	4.9	2.2
Russell 2000®	-1.6	37.4	29.2	7.8	1.2	4.1	6.3	6.3
Russell 2000® Value	-2.7	31.3	28.2	7.1	-1.0	2.2	5.6	7.5
Russell 2000® Growth	-0.6	43.5	30.1	8.4	3.2	5.8	6.8	4.6
<b>INT'L EQUITY</b>								
<b>GMO Intrinsic Value</b>	<b>3.3</b>	<b>33.8</b>	<b>16.8</b>	<b>-1.8</b>	<b>-4.1</b>	<b>1.5</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	8	22	83	77	83	84	-	-
<b>William Blair</b>	<b>2.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	21	-	-	-	-	-	-	-
<b>Total Int'l Equities</b>	<b>2.9</b>	<b>30.4</b>	<b>16.8</b>	<b>-4.9</b>	<b>-5.7</b>	<b>0.6</b>	<b>6.7</b>	<b>6.1</b>
<i>Rank vs Int'l Eq</i>	15	51	83	93	93	91	80	80
Median Int'l Equity	1.1	30.5	20.4	1.1	-1.5	4.1	9.1	8.0
MSCI EAFE Index	1.8	30.9	18.0	-1.3	-3.6	2.0	6.9	6.1
MSCI ACWI ex-US	0.6	30.3	20.2	0.1	-1.5	4.1	9.1	7.9
MSCI EAFE Value Index	1.0	29.4	15.5	-1.7	-5.5	0.7	6.3	6.4
MSCI ACWI ex-US Growth	0.9	30.9	21.0	-0.8	-0.9	4.4	8.9	7.2

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



## CUMULATIVE PERFORMANCE STATISTICS

Performance through Second quarter, 2011

	3 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	7 Yr	10 Yr
<b>GLOBAL EQUITY</b>								
J.P. Morgan Global	1.3 %	28.9 %	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	26	71	-	-	-	-	-	-
First Eagle	2.0	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	17	-	-	-	-	-	-	-
Tradewinds	-1.3	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	82	-	-	-	-	-	-	-
<b>Total Global Equity</b>	<b>0.9</b>	<b>28.8</b>	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	30	73	-	-	-	-	-	-
Median Global Equity	0.6	30.8	21.3 %	1.4 %	-1.4 %	4.1 %	-	-
MSCI ACWI Index	0.4	30.8	21.2	1.5	-1.2	3.7	6.8 %	-
MSCI World Index	0.7	31.2	20.6	1.1	-1.9	2.9	5.9	4.5 %
<b>DOMESTIC FIXED INCOME</b>								
AFL-CIO Housing	2.2	4.7	6.3	7.0	7.1	7.0	5.9	6.3
<i>Rank vs Fixed Income</i>	35	52	70	44	43	41	41	33
Goldman Sachs	2.3	4.7	7.5	-	-	-	-	-
<i>Rank vs Fixed Income</i>	29	53	51	-	-	-	-	-
Torchlight II*	-0.3	43.7	41.7	-2.3	-11.2	-	-	-
<i>Rank vs High Yield</i>	95	1	1	98	98	-	-	-
Torchlight III*	1.2	7.4	19.3	-	-	-	-	-
<i>Rank vs High Yield</i>	5	99	49	-	-	-	-	-
Lord Abbett	2.3	6.2	10.0	-	-	-	-	-
<i>Rank vs Fixed Income</i>	25	33	27	-	-	-	-	-
Allianz Global Investors	0.9	16.3	19.7	12.5	9.4	9.7	9.0	9.0
<i>Rank vs High Yield</i>	26	18	43	6	2	3	4	7
PIMCO	1.9	5.9	10.5	9.1	9.0	8.4	7.1	-
<i>Rank vs Fixed Income</i>	59	38	24	17	10	13	16	-
Workout (GSAM)	1.0	13.2	26.3	-	-	-	-	-
<i>Rank vs Fixed Income</i>	78	10	1	-	-	-	-	-
<b>Total Domestic Fixed</b>	<b>1.8</b>	<b>8.0</b>	<b>12.1</b>	<b>8.1</b>	<b>6.9</b>	<b>7.1</b>	<b>6.4</b>	<b>6.7</b>
<i>Rank vs Fixed Income</i>	60	21	18	26	49	36	26	23
Median Fixed Income	2.0	4.9	7.7	6.7	6.9	6.8	5.7	5.9
Median High Yield Mgr.	0.6	14.9	19.3	9.7	6.6	7.4	7.3	7.4
Barclays Universal	2.2	4.8	7.7	6.7	6.6	6.6	5.7	5.9
Barclays Aggregate	2.3	3.9	6.7	6.5	6.6	6.5	5.5	5.8
Merrill Lynch HY II	1.0	15.4	21.3	12.4	8.6	9.2	8.8	8.8
Merrill Lynch BB/B	1.1	14.7	18.2	10.5	7.7	8.3	8.0	7.9
T-Bills	0.0	0.2	0.2	0.4	1.2	2.0	2.3	2.1
<b>GLOBAL FIXED INCOME</b>								
Lazard Asset Mgmt	2.2	13.4	10.8	6.3	-	-	-	-
<i>Rank vs. Global Fixed</i>	57	14	32	44	-	-	-	-
Barclays Global Aggregate	3.1	10.5	7.7	6.0	7.7	7.1	6.2	-
<b>ALTERNATIVE INVESTMENTS*</b>								
Adams Street**	6.4	24.0	22.4	5.1	6.9	10.7	12.6	7.5
Bay Area Equity Fund**	0.2	51.2	27.3	18.7	26.9	27.0	-	-
Carpenter Bancfund**	0.1	8.6	3.6	6.8	-	-	-	-
Energy Investor Fund**	0.2	-23.4	-4.6	19.6	49.8	44.4	44.5	-
Energy Investor Fund II**	1.3	1.9	2.3	3.2	7.6	11.6	-	-
Energy Investor Fund III**	0.5	-2.1	-6.4	0.4	-	-	-	-
Nogales**	-0.2	21.5	18.9	-11.5	-23.6	-16.0	-8.3	-
Paladin III**	9.5	12.1	14.0	8.8	-	-	-	-
Pathway**	9.9	23.1	22.7	4.5	7.3	13.2	17.5	7.8
<b>Total Alternative</b>	<b>5.3</b>	<b>15.5</b>	<b>13.2</b>	<b>5.6</b>	<b>7.6</b>	<b>11.4</b>	<b>14.7</b>	<b>9.0</b>
S&P 500 + 400 bps	1.1	35.8	27.1	7.5	2.9	7.1	8.4	6.8

## CUMULATIVE PERFORMANCE STATISTICS

Performance through Second quarter, 2011

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>REAL ESTATE*</b>								
<b>Adelante Capital REIT</b>	<b>3.7 %</b>	<b>34.5 %</b>	<b>43.6 %</b>	<b>2.5 %</b>	<b>-2.5 %</b>	<b>0.5 %</b>	<b>8.3 %</b>	<b>- %</b>
<i>Rank vs REITs</i>	<b>48</b>	<b>30</b>	<b>37</b>	<b>82</b>	<b>87</b>	<b>81</b>	<b>52</b>	<b>-</b>
<b>BlackRock Realty</b>	<b>-1.2</b>	<b>0.8</b>	<b>-1.6</b>	<b>-23.9</b>	<b>-17.5</b>	<b>-11.6</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<b>93</b>	<b>92</b>	<b>86</b>	<b>97</b>	<b>98</b>	<b>98</b>	<b>-</b>	<b>-</b>
<b>DLJ RECP II**</b>	<b>-2.1</b>	<b>17.3</b>	<b>-3.6</b>	<b>-14.2</b>	<b>-6.7</b>	<b>1.0</b>	<b>11.0</b>	<b>13.3</b>
<i>Rank</i>	<b>94</b>	<b>66</b>	<b>88</b>	<b>90</b>	<b>88</b>	<b>39</b>	<b>8</b>	<b>7</b>
<b>DLJ RECP III**</b>	<b>0.4</b>	<b>3.2</b>	<b>-11.2</b>	<b>-10.7</b>	<b>-4.8</b>	<b>0.1</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<b>87</b>	<b>89</b>	<b>94</b>	<b>86</b>	<b>61</b>	<b>46</b>	<b>-</b>	<b>-</b>
<b>DLJ RECP IV**</b>	<b>2.7</b>	<b>22.5</b>	<b>11.3</b>	<b>-24.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<b>70</b>	<b>36</b>	<b>26</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fidelity II</b>	<b>4.0</b>	<b>11.8</b>	<b>2.0</b>	<b>-24.8</b>	<b>-19.0</b>	<b>-14.8</b>	<b>-6.2</b>	<b>-</b>
<i>Rank</i>	<b>37</b>	<b>78</b>	<b>79</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>100</b>	<b>-</b>
<b>Fidelity III</b>	<b>1.6</b>	<b>24.8</b>	<b>-8.7</b>	<b>-25.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<b>80</b>	<b>34</b>	<b>93</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Invesco Fund I</b>	<b>17.6</b>	<b>37.1</b>	<b>5.7</b>	<b>-15.5</b>	<b>-11.7</b>	<b>-5.1</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<b>1</b>	<b>3</b>	<b>53</b>	<b>91</b>	<b>94</b>	<b>93</b>	<b>-</b>	<b>-</b>
<b>Invesco Fund II</b>	<b>7.9</b>	<b>74.2</b>	<b>11.6</b>	<b>-48.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank</i>	<b>4</b>	<b>1</b>	<b>26</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Invesco Int'l REIT</b>	<b>3.1</b>	<b>32.4</b>	<b>18.8</b>	<b>0.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs REITs</i>	<b>74</b>	<b>68</b>	<b>99</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Willows Office Property</b>	<b>2.3</b>	<b>-45.8</b>	<b>-24.5</b>	<b>-15.9</b>	<b>-3.8</b>	<b>-2.0</b>	<b>0.6</b>	<b>5.4</b>
<i>Rank</i>	<b>74</b>	<b>100</b>	<b>99</b>	<b>92</b>	<b>44</b>	<b>88</b>	<b>97</b>	<b>56</b>
<b>Total Real Estate</b>	<b>4.2</b>	<b>28.8</b>	<b>25.5</b>	<b>-4.3</b>	<b>-4.5</b>	<b>-0.6</b>	<b>7.1</b>	<b>9.6</b>
<i>Rank</i>	<b>37</b>	<b>23</b>	<b>18</b>	<b>33</b>	<b>61</b>	<b>61</b>	<b>28</b>	<b>29</b>
Median Real Estate	3.7	20.8	6.1	-7.3	-4.1	-0.5	4.4	5.4
Real Estate Benchmark	3.9	21.6	17.1	1.2	1.5	4.2	8.8	9.2
Wilshire REIT	3.9	35.6	45.2	4.9	-0.6	1.8	8.6	10.6
NCREIF Property Index	3.9	16.7	7.2	-2.6	0.3	3.4	7.5	7.6
NCREIF Index + 300 bps	4.7	20.1	10.4	0.4	3.3	6.6	10.7	10.9
NCREIF Index + 500 bps	5.2	22.4	12.5	2.3	5.3	8.6	12.8	12.9
NCREIF Apartment	4.2	21.4	10.1	-1.4	0.5	2.9	7.0	7.7
NCREIF Apt + 300 bps	5.0	24.9	13.3	1.6	3.5	6.0	10.2	10.8
<b>OPPORTUNISTIC</b>								
<b>Goldman Sachs</b>	<b>-1.8</b>	<b>11.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Oaktree PIF 2009</b>	<b>5.8</b>	<b>21.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Opportunistic</b>	<b>-0.2</b>	<b>13.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund</b>	<b>1.8 %</b>	<b>23.5 %</b>	<b>19.0 %</b>	<b>4.8 %</b>	<b>2.4 %</b>	<b>5.1 %</b>	<b>7.2 %</b>	<b>6.5 %</b>
<i>Rank vs. Total Fund</i>	<b>5</b>	<b>14</b>	<b>14</b>	<b>40</b>	<b>43</b>	<b>37</b>	<b>7</b>	<b>10</b>
<i>Rank vs. Public Fund</i>	<b>7</b>	<b>16</b>	<b>14</b>	<b>52</b>	<b>58</b>	<b>47</b>	<b>6</b>	<b>13</b>
Median Total Fund	0.9	19.1	15.5	4.3	2.1	4.7	5.5	5.0
Median Public Fund	1.1	20.6	15.8	4.8	2.5	4.9	5.8	5.3
CPI + 400 bps	2.0	7.7	6.4	5.1	6.2	6.3	6.7	6.9
Policy Benchmark	1.4	23.1	19.6	-	-	-	-	-

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

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

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

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

	Gross of Fees		Net of Fees		Inception
	Fund Level IRR	CCCERA IRR	Fund Level IRR	CCCERA IRR	
<b>FIXED INCOME</b>					
Torchlight II	-14.5%	-13.7%	-16.8%	-16.0%	07/01/06
Torchlight III	15.9%	16.4%	11.0%	10.6%	12/12/08
Oaktree	<i>n/a</i>	21.6%	<i>n/a</i>	<i>n/a</i>	02/18/10
<b>REAL ESTATE</b>					
BlackRock Realty	-8.9%	-7.5%	-10.0%	-9.7%	11/19/04
DLJ RECP II	26.4%	25.9%	23.3%	17.9%	09/24/99
DLJ RECP III	-2.9%	-3.7%	-4.2%	-5.4%	06/23/05
DLJ RECP IV	-9.1%	-2.6%	-13.0%	-6.7%	02/11/08
Fidelity Growth Fund II	-11.6%	-11.7%	-13.0%	-13.1%	03/10/04
Fidelity Growth Fund III	-14.3%	-13.8%	-18.0%	-17.8%	03/30/07
Hearthstone I	<i>n/a</i>	<i>n/a</i>	4.1%	3.9%	06/15/95
Hearthstone II	<i>n/a</i>	<i>n/a</i>	27.1%	26.7%	06/17/98
Invesco Real Estate I	-1.1%	-1.1%	-2.5%	-2.5%	02/01/05
Invesco Real Estate II	-16.1%	-16.4%	-17.2%	-17.6%	11/26/07
<b>ALTERNATIVE INVESTMENTS</b>					
Adams Street Partners ( <i>combined</i> )	14.1%	14.5%	10.9%	11.3%	03/18/96
Bay Area Equity Fund	24.9%	25.4%	15.4%	15.4%	06/14/04
Bay Area Equity Fund II*	19.1%	16.9%	-15.3%	-6.9%	12/07/09
Carpenter Bancfund	2.5%	2.3%	-2.4%	-2.3%	01/31/08
EIF US Power Fund I	34.1%	35.3%	29.2%	29.0%	11/26/03
EIF US Power Fund II	8.9%	7.9%	5.5%	4.6%	08/16/05
EIF US Power Fund III	-0.8%	-0.8%	-7.5%	-7.5%	05/30/07
Nogales	-11.2%	-12.1%	-19.5%	-20.1%	02/15/04
Paladin	-2.4%	-2.0%	-2.4%	-2.0%	11/30/07
Pathway ( <i>combined</i> )	11.0%	11.0%	6.4%	8.0%	11/09/98
Benchmark <sup>3</sup>	10.0%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	
Benchmark <sup>4</sup>	0.3%	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	

Benchmarks:

Pathway

Benchmark <sup>3</sup>

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

Benchmark <sup>4</sup>

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

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

## AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS

Performance through Second quarter, 2011

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>DOMESTIC EQUITY</b>								
<b>Delaware</b>	<b>1.8 %</b>	<b>36.0 %</b>	<b>24.1 %</b>	<b>5.8 %</b>	<b>2.2 %</b>	<b>3.7 %</b>	<b>- %</b>	<b>- %</b>
<b>Emerald Advisors</b>	<b>-0.3</b>	<b>49.8</b>	<b>34.9</b>	<b>11.0</b>	<b>3.2</b>	<b>5.0</b>	<b>7.1</b>	<b>-</b>
<b>Intech - Enhanced Plus</b>	<b>1.5</b>	<b>32.2</b>	<b>23.3</b>	<b>3.6</b>	<b>-0.2</b>	<b>3.1</b>	<b>5.1</b>	<b>-</b>
<b>Intech - Large Core</b>	<b>1.9</b>	<b>32.1</b>	<b>23.2</b>	<b>3.8</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PIMCO Stocks Plus</b>	<b>0.1</b>	<b>33.2</b>	<b>27.4</b>	<b>4.3</b>	<b>-1.1</b>	<b>2.9</b>	<b>4.0</b>	<b>-</b>
<b>Robeco Boston Partners</b>	<b>-0.2</b>	<b>28.6</b>	<b>21.3</b>	<b>6.0</b>	<b>-0.3</b>	<b>4.0</b>	<b>6.6</b>	<b>5.5</b>
<b>State Street/Rothschild</b>	<b>-2.7</b>	<b>37.2</b>	<b>24.9</b>	<b>3.1</b>	<b>-0.8</b>	<b>3.1</b>	<b>6.6</b>	<b>-</b>
<b>Wentworth, Hauser</b>	<b>-0.5</b>	<b>35.0</b>	<b>19.7</b>	<b>4.3</b>	<b>0.5</b>	<b>3.7</b>	<b>5.2</b>	<b>3.4</b>
<b>Total Domestic Equities</b>	<b>0.1</b>	<b>34.6</b>	<b>24.6</b>	<b>5.1</b>	<b>0.3</b>	<b>3.5</b>	<b>5.4</b>	<b>3.0</b>
Median Equity	0.0	32.0	24.1	4.7	0.7	4.3	6.1	5.2
S&P 500	0.1	30.7	22.3	3.3	-1.1	3.0	4.2	2.7
Russell 3000®	0.0	32.4	23.8	4.0	-0.5	3.4	4.9	3.4
Russell 1000® Value	-0.5	28.9	22.8	2.3	-3.5	1.2	4.4	4.0
Russell 1000® Growth	0.8	35.0	23.9	5.0	2.2	5.3	4.9	2.2
Russell 2000®	-1.6	37.4	29.2	7.8	1.2	4.1	6.3	6.3
Russell 2000® Value	-2.7	31.3	28.2	7.1	-1.0	2.2	5.6	7.5
Russell 2000® Growth	-0.6	43.5	30.1	8.4	3.2	5.8	6.8	4.6
<b>INT'L EQUITY</b>								
<b>GMO Intrinsic Value</b>	<b>3.1</b>	<b>33.0</b>	<b>16.1</b>	<b>-2.4</b>	<b>-4.6</b>	<b>0.9</b>	<b>-</b>	<b>-</b>
<b>William Blair</b>	<b>2.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Int'l Equities</b>	<b>2.7</b>	<b>29.9</b>	<b>16.2</b>	<b>-5.4</b>	<b>-6.2</b>	<b>0.1</b>	<b>6.2</b>	<b>5.6</b>
Median Int'l Equity	1.1	30.5	20.4	1.1	-1.5	4.1	9.1	8.0
MSCI EAFE Index	1.8	30.9	18.0	-1.3	-3.6	2.0	6.9	6.1
MSCI ACWI ex-US	0.6	30.3	20.2	0.1	-1.5	4.1	9.1	7.9
MSCI EAFE Value Index	1.0	29.4	15.5	-1.7	-5.5	0.7	6.3	6.4
MSCI ACWI ex-US Growth	0.9	30.9	21.0	-0.8	-0.9	4.4	8.9	7.2
<b>GLOBAL EQUITY</b>								
<b>J.P. Morgan</b>	<b>1.2</b>	<b>28.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>First Eagle</b>	<b>1.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tradewinds</b>	<b>-1.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Global Equities</b>	<b>0.7</b>	<b>28.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Median Global Equity	0.6	30.8	21.3	1.4	-1.4	4.1	-	-
MSCI ACWI Index	0.3	30.1	20.6	0.9	-1.7	3.2	6.3	0.0
MSCI World Index	0.7	31.2	20.6	1.1	-1.9	2.9	5.9	4.5
<b>DOMESTIC FIXED INCOME</b>								
<b>AFL-CIO Housing</b>	<b>2.1</b>	<b>4.2</b>	<b>5.9</b>	<b>6.6</b>	<b>6.7</b>	<b>6.5</b>	<b>5.5</b>	<b>5.9</b>
<b>Goldman Sachs</b>	<b>2.2</b>	<b>4.4</b>	<b>7.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Torchlight II</b>	<b>-0.6</b>	<b>40.5</b>	<b>36.8</b>	<b>-6.0</b>	<b>-14.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Torchlight III</b>	<b>0.8</b>	<b>-0.4</b>	<b>9.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Lord Abbett</b>	<b>2.3</b>	<b>6.0</b>	<b>9.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allianz Global Investors</b>	<b>0.8</b>	<b>15.8</b>	<b>19.2</b>	<b>12.0</b>	<b>8.9</b>	<b>9.3</b>	<b>8.5</b>	<b>8.5</b>
<b>PIMCO</b>	<b>1.8</b>	<b>5.6</b>	<b>10.2</b>	<b>8.8</b>	<b>8.7</b>	<b>8.1</b>	<b>6.8</b>	<b>-</b>
<b>Workout (GSAM)</b>	<b>0.9</b>	<b>13.0</b>	<b>26.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Domestic Fixed</b>	<b>1.7</b>	<b>7.5</b>	<b>11.5</b>	<b>7.5</b>	<b>6.4</b>	<b>6.6</b>	<b>5.9</b>	<b>6.3</b>
Median Fixed Income	2.0	4.9	7.7	6.7	6.9	6.8	5.7	5.9
Median High Yield Mgr.	0.6	14.9	19.3	9.7	6.6	7.4	7.3	7.4
Barclays Universal	2.2	4.8	7.7	6.7	6.6	6.6	5.7	5.9
Barclays Aggregate	2.3	3.9	6.7	6.5	6.6	6.5	5.5	5.8
Merrill Lynch HY II	1.0	15.4	21.3	12.4	8.6	9.2	8.8	8.8
Merrill Lynch BB/B	1.1	14.7	18.2	10.5	7.7	8.3	8.0	7.9
T-Bills	0.0	0.2	0.2	0.4	1.2	2.0	2.3	2.1
<b>GLOBAL FIXED INCOME</b>								
<b>Lazard Asset Mgmt</b>	<b>2.1</b>	<b>13.1</b>	<b>10.5</b>	<b>6.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Barclays Global Aggregate	3.1	10.5	7.7	6.0	7.7	7.1	6.2	-

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

## AFTER-FEE CUMULATIVE PERFORMANCE STATISTICS

Performance through Second quarter, 2011

	<u>3 Mo</u>	<u>1 Yr</u>	<u>2 Yr</u>	<u>3 Yr</u>	<u>4 Yr</u>	<u>5 Yr</u>	<u>7 Yr</u>	<u>10 Yr</u>
<b>ALTERNATIVE INVESTMENTS*</b>								
Adams Street**	5.6 %	21.0 %	19.4 %	2.9 %	4.7 %	8.5 %	10.3 %	5.2 %
Bay Area Equity Fund**	-2.0	45.8	23.7	15.5	22.9	22.3	-	-
Carpenter Bancfund**	-0.5	5.2	-0.2	-5.0	-	-	-	-
Energy Investor Fund**	0.0	-25.5	-7.3	15.6	42.2	37.9	38.6	-
Energy Investor Fund II**	0.8	-0.4	0.1	0.9	4.9	8.5	-	-
Energy Investor Fund III**	-0.9	-8.3	-12.1	-5.8	-	-	-	-
Nogales**	-3.0	14.1	12.0	-33.7	-39.4	-30.6	-21.3	-
Paladin III	8.3	6.7	8.6	2.2	-	-	-	-
Pathway**	9.4	20.8	19.9	2.2	5.0	10.8	15.1	5.1
<b>Total Alternative</b>	<b>4.5</b>	<b>12.2</b>	<b>10.0</b>	<b>2.3</b>	<b>4.4</b>	<b>8.3</b>	<b>11.6</b>	<b>6.0</b>
S&P 500 + 400 bps	1.1	35.8	27.1	7.5	2.9	7.1	8.4	6.8
<b>REAL ESTATE*</b>								
Adelante Capital REIT	3.5	33.9	42.9	1.9	-3.0	0.0	7.8	-
BlackRock Realty	-1.2	0.3	-2.6	-24.3	-17.9	-12.2	-	-
DLJ RECP II**	-3.0	15.1	-5.3	-15.5	-7.7	-0.2	9.8	11.5
DLJ RECP III**	-0.3	1.3	-12.7	-11.7	-5.6	-0.9	-	-
DLJ RECP IV**	1.3	19.3	10.0	-25.2	-	-	-	-
Fidelity II	3.7	9.9	0.0	-26.2	-20.4	-15.6	-7.9	-
Fidelity III	0.8	20.3	-16.9	-31.4	-	-	-	-
Invesco Fund I	17.3	35.4	4.1	-16.7	-12.7	-6.7	-	-
Invesco Fund II	7.6	71.4	8.7	-50.4	-	-	-	-
Invesco Int'l REIT	2.9	31.5	18.0	0.4	-	-	-	-
Willows Office Property	2.3	-45.8	-24.5	-15.9	-3.8	-2.0	0.6	5.4
<b>Total Real Estate</b>	<b>3.9</b>	<b>27.7</b>	<b>24.5</b>	<b>-5.2</b>	<b>-5.4</b>	<b>-1.5</b>	<b>6.1</b>	<b>8.6</b>
Median Real Estate	3.7	20.8	6.1	-7.3	-4.1	-0.5	4.4	5.4
Real Estate Benchmark	3.9	21.6	17.1	1.2	1.5	4.2	8.8	9.2
Wilshire REIT	3.9	35.6	45.2	4.9	-0.6	1.8	8.6	10.6
NCREIF Property Index	3.9	16.7	7.2	-2.6	0.3	3.4	7.5	7.6
NCREIF Index + 300 bps	4.7	20.1	10.4	0.4	3.3	6.6	10.7	10.9
NCREIF Index + 500 bps	5.2	22.4	12.5	2.3	5.3	8.6	12.8	12.9
NCREIF Apartment	4.2	21.4	10.1	-1.4	0.5	2.9	7.0	7.7
NCREIF Apt + 300 bps	5.0	24.9	13.3	1.6	3.5	6.0	10.2	10.8
<b>CCCERA Total Fund</b>	<b>1.6 %</b>	<b>22.8 %</b>	<b>18.3 %</b>	<b>4.2 %</b>	<b>1.8 %</b>	<b>4.5 %</b>	<b>6.7 %</b>	<b>6.0 %</b>
CPI + 400 bps	2.0	7.7	6.4	5.1	6.2	6.3	6.7	6.9
Policy Benchmark	1.4	23.1	19.6	-	-	-	-	-

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

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

**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through Second quarter, 2011**

<b>DOMESTIC EQUITY</b>	<b>YTD</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Delaware</b>	<b>8.3 %</b>	<b>14.7 %</b>	<b>43.9 %</b>	<b>-42.6 %</b>	<b>13.6 %</b>	<b>3.2 %</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>21</i>	<i>70</i>	<i>10</i>	<i>81</i>	<i>15</i>	<i>91</i>	<i>-</i>
<i>Rank vs Lg Growth</i>	<i>17</i>	<i>62</i>	<i>11</i>	<i>76</i>	<i>33</i>	<i>74</i>	<i>-</i>
<b>Emerald Advisors</b>	<b>13.1</b>	<b>30.5</b>	<b>33.2</b>	<b>-36.5</b>	<b>3.2</b>	<b>13.8</b>	<b>10.1 %</b>
<i>Rank vs Equity</i>	<i>2</i>	<i>7</i>	<i>36</i>	<i>41</i>	<i>64</i>	<i>56</i>	<i>25</i>
<i>Rank vs Sm Cap Growth</i>	<i>13</i>	<i>31</i>	<i>54</i>	<i>35</i>	<i>48</i>	<i>39</i>	<i>20</i>
<b>Intech - Enhanced Plus</b>	<b>8.1</b>	<b>15.7</b>	<b>25.7</b>	<b>-37.0</b>	<b>7.4</b>	<b>14.4</b>	<b>8.9</b>
<i>Rank vs Equity</i>	<i>23</i>	<i>58</i>	<i>70</i>	<i>48</i>	<i>36</i>	<i>54</i>	<i>34</i>
<i>Rank vs Lg Core</i>	<i>7</i>	<i>33</i>	<i>75</i>	<i>53</i>	<i>79</i>	<i>80</i>	<i>14</i>
<b>Intech - Large Cap Core</b>	<b>9.0</b>	<b>15.0</b>	<b>24.6</b>	<b>-36.2</b>	<b>7.0</b>	<b>-</b>	<b>-</b>
<i>Rank vs Equity</i>	<i>14</i>	<i>68</i>	<i>75</i>	<i>37</i>	<i>38</i>	<i>-</i>	<i>-</i>
<i>Rank vs Lg Core</i>	<i>3</i>	<i>66</i>	<i>85</i>	<i>27</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>PIMCO Stocks Plus</b>	<b>6.7</b>	<b>19.2</b>	<b>37.3</b>	<b>-43.5</b>	<b>5.0</b>	<b>15.7</b>	<b>4.6</b>
<i>Rank vs Equity</i>	<i>39</i>	<i>40</i>	<i>23</i>	<i>85</i>	<i>56</i>	<i>43</i>	<i>75</i>
<i>Rank vs Lg Core</i>	<i>22</i>	<i>6</i>	<i>6</i>	<i>97</i>	<i>68</i>	<i>64</i>	<i>78</i>
<b>Robeco Boston Partners</b>	<b>7.2</b>	<b>13.4</b>	<b>27.3</b>	<b>-33.2</b>	<b>4.3</b>	<b>20.2</b>	<b>12.0</b>
<i>Rank vs Equity</i>	<i>35</i>	<i>78</i>	<i>57</i>	<i>22</i>	<i>60</i>	<i>12</i>	<i>14</i>
<i>Rank vs Lg Value</i>	<i>30</i>	<i>60</i>	<i>27</i>	<i>16</i>	<i>24</i>	<i>36</i>	<i>14</i>
<b>State Street/Rothschild</b>	<b>8.2</b>	<b>21.8</b>	<b>13.7</b>	<b>-28.6</b>	<b>1.8</b>	<b>21.3</b>	<b>11.2</b>
<i>Rank vs Equity</i>	<i>23</i>	<i>34</i>	<i>94</i>	<i>11</i>	<i>70</i>	<i>9</i>	<i>18</i>
<i>Rank vs Sm Cap Value</i>	<i>13</i>	<i>88</i>	<i>97</i>	<i>28</i>	<i>31</i>	<i>19</i>	<i>23</i>
<b>Wentworth, Hauser</b>	<b>4.7</b>	<b>13.5</b>	<b>35.2</b>	<b>-34.8</b>	<b>6.6</b>	<b>7.2</b>	<b>9.6</b>
<i>Rank vs Equity</i>	<i>74</i>	<i>77</i>	<i>30</i>	<i>29</i>	<i>40</i>	<i>83</i>	<i>28</i>
<i>Rank vs Lg Core</i>	<i>91</i>	<i>83</i>	<i>8</i>	<i>16</i>	<i>36</i>	<i>98</i>	<i>9</i>
<b>Total Domestic Equities</b>	<b>7.6</b>	<b>17.8</b>	<b>30.8</b>	<b>-37.5</b>	<b>6.5</b>	<b>13.5</b>	<b>8.8</b>
<i>Rank vs Equity</i>	<i>29</i>	<i>45</i>	<i>43</i>	<i>55</i>	<i>40</i>	<i>60</i>	<i>35</i>
Median Equity	6.2	17.1	29.0	-37.0	5.5	15.0	6.5
S&P 500	6.0	15.1	26.5	-37.0	5.5	15.8	4.9
Russell 3000®	6.4	16.9	28.3	-37.3	5.1	15.7	6.1
Russell 1000® Value	5.9	15.5	19.7	-36.9	-0.2	22.2	7.0
Russell 1000® Growth	6.8	16.7	37.2	-38.4	11.8	9.1	5.3
Russell 2000®	6.2	26.9	27.2	-33.8	-1.6	18.4	4.6
Rothschild Benchmark	6.1	24.9	27.7	-32.0	-7.3	20.2	5.5
Russell 2000® Growth	8.6	29.1	34.5	-38.5	7.1	13.4	4.2
<b>INT'L EQUITY</b>							
<b>GMO</b>	<b>7.8</b>	<b>8.3</b>	<b>19.3</b>	<b>-38.4</b>	<b>10.6</b>	<b>26.2</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>6</i>	<i>76</i>	<i>92</i>	<i>18</i>	<i>60</i>	<i>44</i>	<i>-</i>
<b>William Blair</b>	<b>2.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Rank vs Int'l Eq</i>	<i>75</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Int'l Equities</b>	<b>5.2</b>	<b>8.3</b>	<b>23.3</b>	<b>-44.1</b>	<b>15.3</b>	<b>26.6</b>	<b>20.0</b>
<i>Rank vs Int'l Eq</i>	<i>35</i>	<i>76</i>	<i>83</i>	<i>55</i>	<i>36</i>	<i>41</i>	<i>32</i>
Median Int'l Equity	4.5	12.0	36.1	-43.4	11.9	25.9	15.9
MSCI EAFE Index	5.4	8.2	32.5	-43.1	11.6	26.9	14.0
MSCI ACWI ex-US	4.1	11.6	42.1	-45.2	17.1	27.2	17.1
MSCI EAFE Value Index	5.4	3.3	34.3	-43.7	6.5	31.1	14.4
MSCI ACWI ex-US Growth	3.3	14.8	39.2	-45.4	21.4	24.0	17.1

## YEAR BY YEAR PERFORMANCE STATISTICS

### Performance through Second quarter, 2011

	<u>YTD</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>GLOBAL EQUITY</b>							
J.P. Morgan Global	5.2 %	- %	- %	- %	- %	- %	- %
<i>Rank vs Global Eq</i>	23	-	-	-	-	-	-
First Eagle	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	-	-	-	-	-	-	-
Tradewinds	-	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	-	-	-	-	-	-	-
Total Global Equity	5.1	-	-	-	-	-	-
<i>Rank vs Global Eq</i>	25	-	-	-	-	-	-
Median Global Equity	1.1	-	-	-	-	-	-
MSCI ACWI Index	1.8	-	-	-	-	-	-
MSCI World Index	0.6	-	-	-	-	-	-
<b>DOMESTIC FIXED INCOME</b>							
AFL-CIO Housing	3.1	6.5	6.7	5.7	7.1	5.1	3.0
<i>Rank vs Fixed Income</i>	41	62	61	25	34	28	25
Goldman Sachs Core	2.8	7.6	9.8	-	-	-	-
<i>Rank vs Fixed Income</i>	54	42	39	-	-	-	-
Torchlight II	19.7	41.9	16.4	-64.9	-6.6	-	-
<i>Rank vs Fixed Income</i>	1	1	97	99	100	-	-
Torchlight III	3.7	12.0	45.2	-	-	-	-
<i>Rank vs Fixed Income</i>	84	89	60	-	-	-	-
Lord Abbett	3.4	8.5	15.6	-	-	-	-
<i>Rank vs Fixed Income</i>	31	34	11	-	-	-	-
Allianz Global Investors	5.0	15.2	47.1	-20.0	7.1	10.2	3.8
<i>Rank vs. High Yield</i>	15	28	52	14	34	32	15
PIMCO	2.8	9.3	16.4	0.0	8.4	4.8	3.4
<i>Rank vs Fixed Income</i>	55	27	9	73	13	37	18
Workout (GSAM)	4.1	24.4	35.1	-	-	-	-
<i>Rank vs Fixed Income</i>	21	1	1	-	-	-	-
Total Domestic Fixed	3.8	10.6	17.8	-8.1	5.8	7.5	3.7
<i>Rank vs Fixed Income</i>	24	20	6	92	62	11	14
Median Fixed Income	2.9	7.0	8.3	3.9	6.5	4.5	2.5
Median High Yield Mgr.	4.3	14.1	47.3	-24.9	6.5	9.0	2.5
Barclays Universal	2.9	7.2	8.6	2.4	6.5	5.0	2.7
Barclays Aggregate	2.7	6.5	5.9	5.2	7.0	4.3	2.4
ML High Yield II	4.9	15.2	57.5	-26.2	2.1	11.7	2.7
T-Bills	0.1	0.1	0.2	2.1	5.0	4.8	3.1
<b>Global Fixed Income</b>							
Lazard Asset Mgmt	4.9	8.8	11.3	-0.4	-	-	-
<i>Rank vs. Global Fixed</i>	21	31	54	31	-	-	-
Barclays Global Aggregate	4.4	5.5	6.9	4.8	-	-	-
<b>ALTERNATIVE INVESTMENTS</b>							
Adams Street**	3.8	16.3	-6.9	-4.9	27.9	23.5	17.0
Bay Area Equity Fund**	17.5	42.6	0.2	24.4	63.6	-6.5	1.9
Carpenter Bancfund	4.3	2.3	7.1	-	-	-	-
Energy Investor Fund**	-14.4	10.5	90.3	220.5	2.2	12.7	84.2
Energy Investor Fund II**	-0.8	4.1	0.4	19.7	12.5	-	-
Energy Investor Fund III**	3.2	-14.5	11.0	108.9	-	-	-
Nogales**	3.1	28.1	-47.7	-51.4	21.2	11.0	13.1
Paladin III**	6.3	9.9	10.1	-10.9	-	-	-
Pathway**	15.9	15.8	-9.0	-6.6	50.4	21.4	42.5
Total Alternative	10.2	10.5	-1.5	1.8	28.0	19.2	33.3
S&P 500 + 400 bps	8.1	19.6	31.4	-34.4	9.7	19.8	8.9

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

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

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**YEAR BY YEAR PERFORMANCE STATISTICS**  
**Performance through Second quarter, 2011**

	<u>YTD</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>REAL ESTATE</b>							
Adelante Capital REIT	10.5 %	31.2 %	29.3 %	-44.8 %	-16.9 %	38.2 %	16.7 %
<i>Rank</i>	38	11	48	65	55	13	4
BlackRock Realty	11.9	17.1	-53.1	-28.2	14.8	23.8	28.7
<i>Rank</i>	8	35	100	80	44	27	11
DLJ RECP I**	1.1	-2.3	-3.1	39.0	34.2	41.2	14.2
<i>Rank</i>	87	88	27	1	2	6	62
DLJ RECP II**	3.1	-7.2	-30.5	4.0	34.8	35.7	51.3
<i>Rank</i>	81	92	74	12	1	17	4
DLJ RECP III**	-0.8	-15.0	-15.4	1.7	30.5	10.2	-
<i>Rank</i>	91	95	32	16	2	79	-
DLJ RECP IV**	16.0	-12.5	-53.5	-	-	-	-
<i>Rank</i>	3	94	100	-	-	-	-
Fidelity II	7.0	10.0	-40.0	-41.9	5.0	16.5	16.1
<i>Rank</i>	53	76	93	93	74	45	51
Fidelity III	4.5	49.5	-71.2	-10.7	-	-	-
<i>Rank</i>	75	1	100	58	-	-	-
Invesco Fund I	19.6	32.8	-49.2	-23.2	10.4	38.1	-
<i>Rank</i>	2	1	98	78	63	10	-
Invesco Fund II	11.3	96.4	-72.8	-81.3	-	-	-
<i>Rank</i>	14	1	100	100	-	-	-
Invesco Intl REIT	2.8	14.6	39.6	-	-	-	-
<i>Rank</i>	99	100	8	-	-	-	-
Willows Office Property	4.5	-46.7	4.9	3.7	44.5	7.4	7.5
<i>Rank</i>	75	99	24	13	1	87	80
Total Real Estate	9.6	21.0	-0.5	-34.2	-3.0	33.8	20.4
<i>Rank</i>	29	17	26	83	82	20	29
Median Real Estate	7.2	16.0	-28.7	-10.4	13.9	15.6	16.7
Real Estate Benchmark	8.4	17.3	-3.3	-15.2	6.3	-	-
DJ Wilshire REIT Index	10.9	28.6	28.6	-39.2	-17.6	36.0	13.8
NCREIF Property Index	7.4	13.1	-16.9	-6.5	15.8	16.6	20.1
<b>OPPORTUNISTIC</b>							
Goldman Sachs	0.8	-	-	-	-	-	-
Oaktree PIF 2009	13.1	-	-	-	-	-	-
Total Opportunistic	3.2	-	-	-	-	-	-
CCCERA Total Fund	6.3	14.0	21.9	-26.5	7.3	15.3	10.8
<i>Rank vs. Total Fund</i>	4	22	32	68	45	13	5
<i>Rank vs. Public Fund</i>	6	25	26	74	42	11	2
Median Total Fund	4.4	12.2	18.4	-23.0	7.1	12.0	6.1
Median Public Fund	4.7	12.2	18.1	-22.9	6.9	11.9	6.0
CPI + 400 bps	5.0	5.6	6.9	4.2	8.3	6.6	7.6
Policy Benchmark	5.7	14.3	-	-	-	-	-

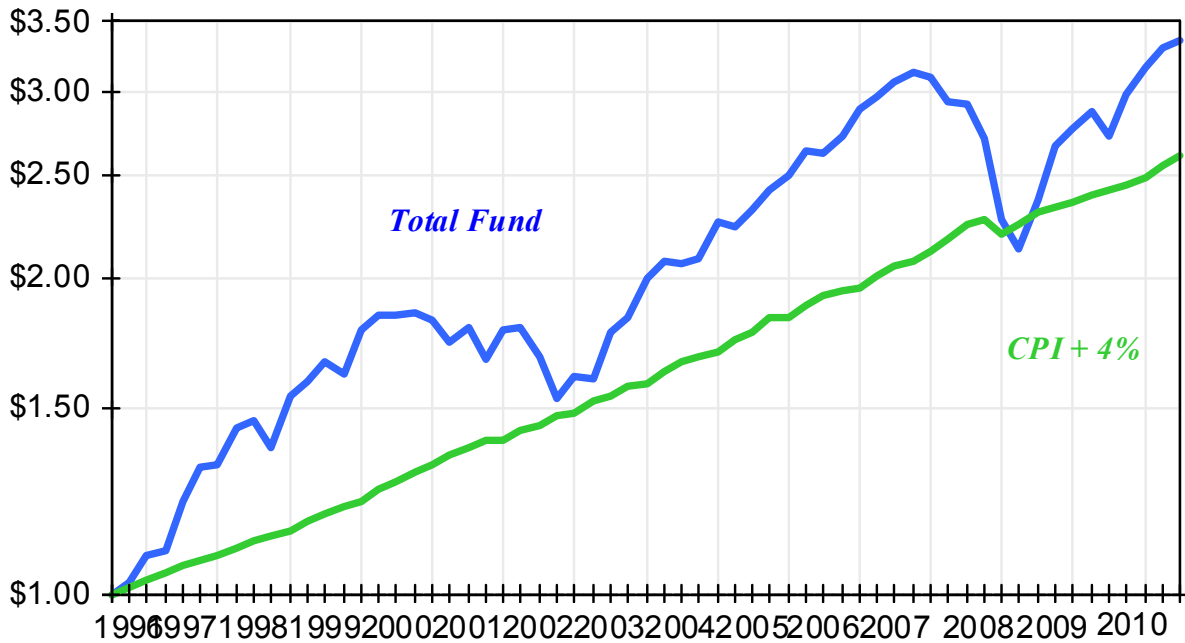
\*\* Performance as of March 31, 2011.

# TOTAL FUND PERFORMANCE

## Total Fund

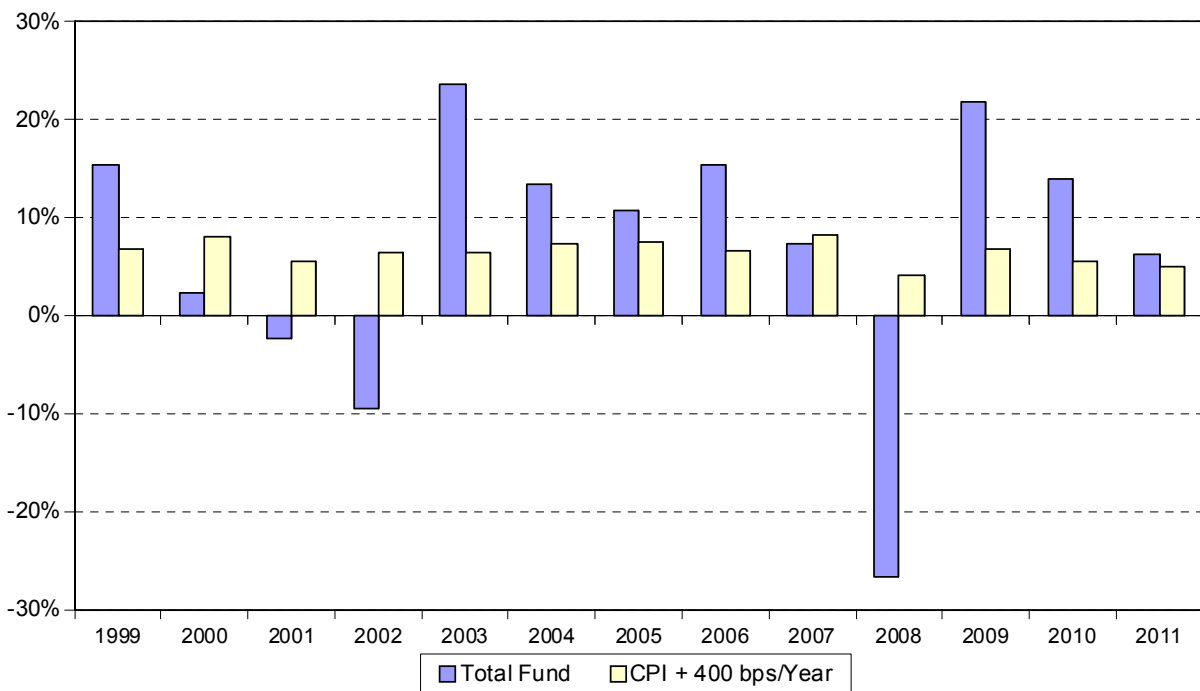
### Total Fund vs. CPI + 4% per Year

Cumulative Value of \$1 (Gross of Fees)

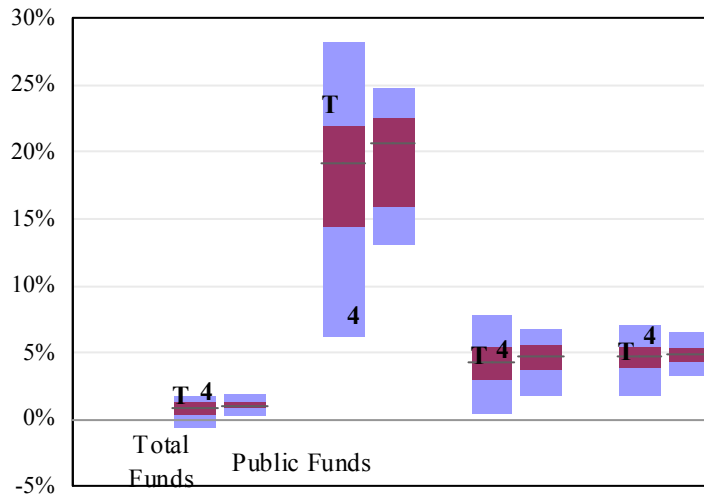


### Total Fund vs. CPI plus 400 bps/Year

Year by Year Performance



## Total Fund



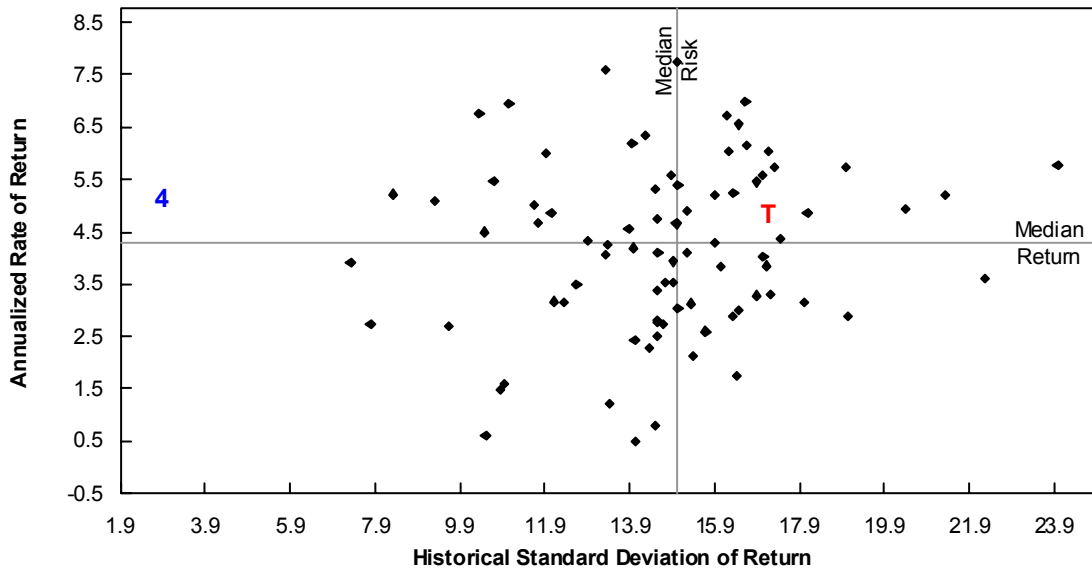
	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Fund (T)	1.8	23.5	4.8	5.1
<i>Rank v. Total Fd</i>	5	14	40	37
<i>Rank v. Public Fd</i>	7	16	52	47
CPI + 4% (4)	2.0	7.7	5.1	6.3
Policy Benchmark	1.4	23.1	-	-
Total Fund Median	0.9	19.1	4.3	3.8
Total Public Median	1.1	20.6	4.8	4.9

CCCERA Total Fund returned 1.8% in the second quarter, exceeding the 0.9% return of the median total fund and the 1.1% return of the median total public fund. For the one-year period, the Total Fund returned 23.5%, better than the 19.1% for the median total fund and 20.6% for the median public fund. As illustrated in the charts on the following two pages, CCCERA has exceeded the median total fund with a slightly higher risk level over the past five years. However, the CCCERA Total Fund did not exceed the CPI plus 400 basis points over the past five years.

# TOTAL FUND PERFORMANCE

## Performance and Variability

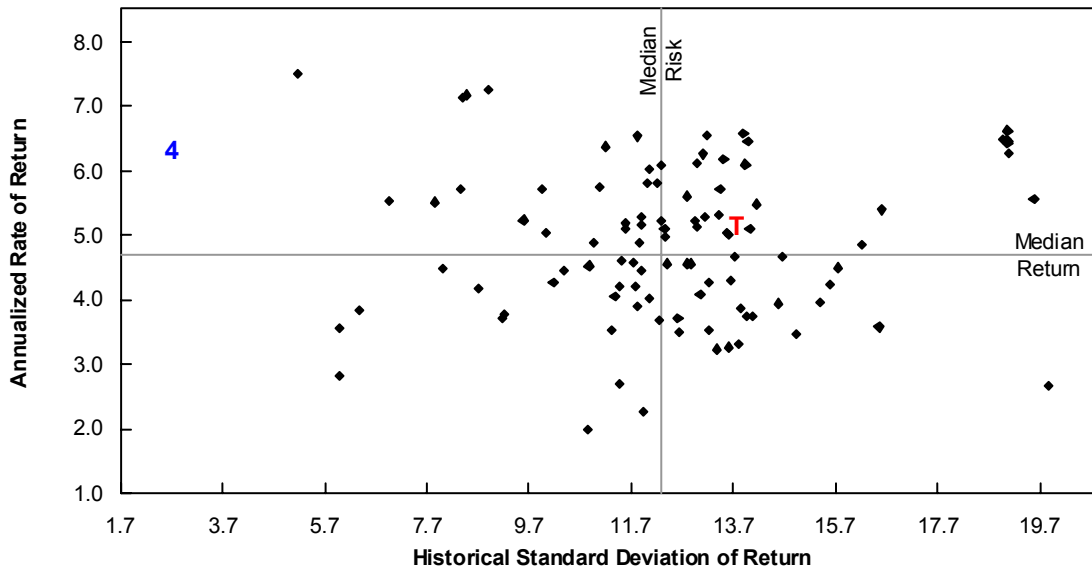
*Three Years Ending June 30, 2011*



	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Total Fund ( <b>T</b> )	4.8 %	17.2 %	0.26
CPI + 4% ( <b>4</b> )	5.1	2.9	1.61
Median Fund	4.3	15.1	0.26

## Performance and Variability

*Five Years Ending June 30, 2011*

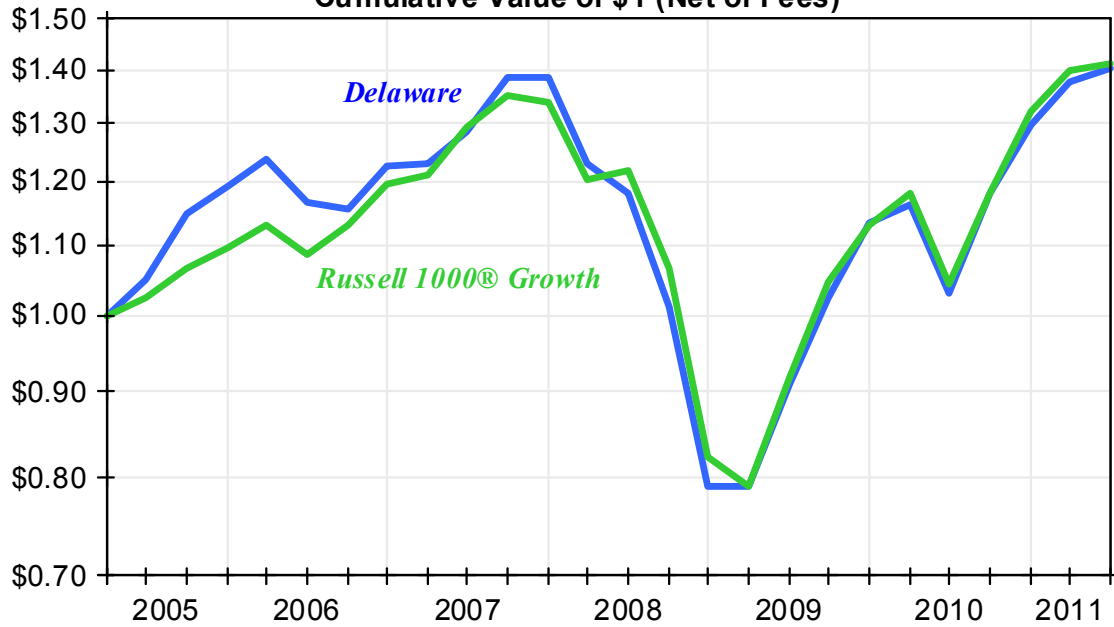


	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Total Fund ( <b>T</b> )	5.1 %	13.7 %	0.22
CPI + 4% ( <b>4</b> )	6.3	2.7	1.61
Median Fund	4.7	12.3	0.22

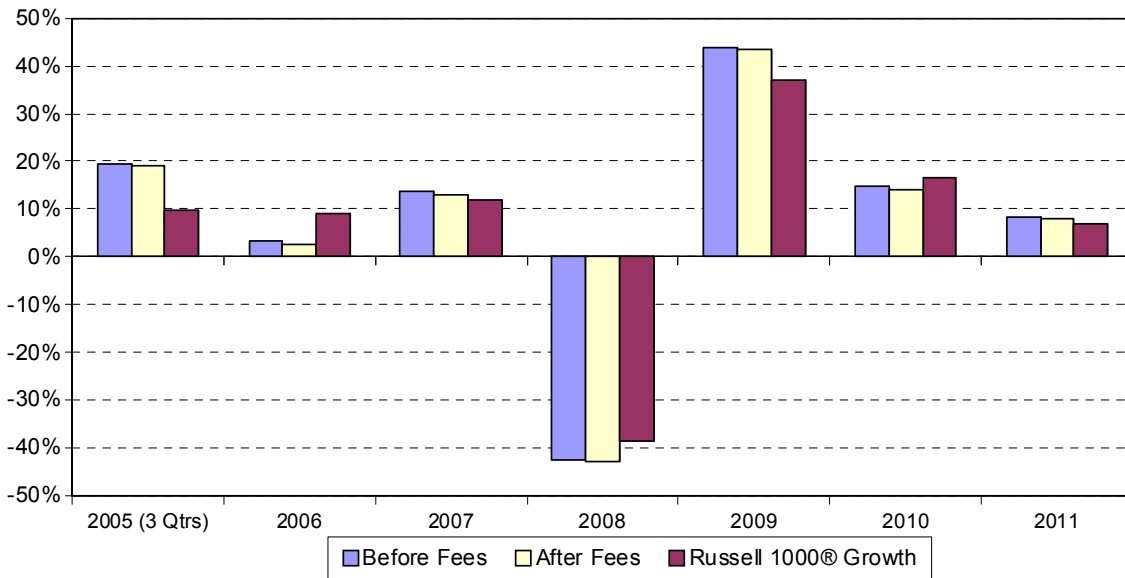
# MANAGER COMMENTS – DOMESTIC EQUITY

## Delaware

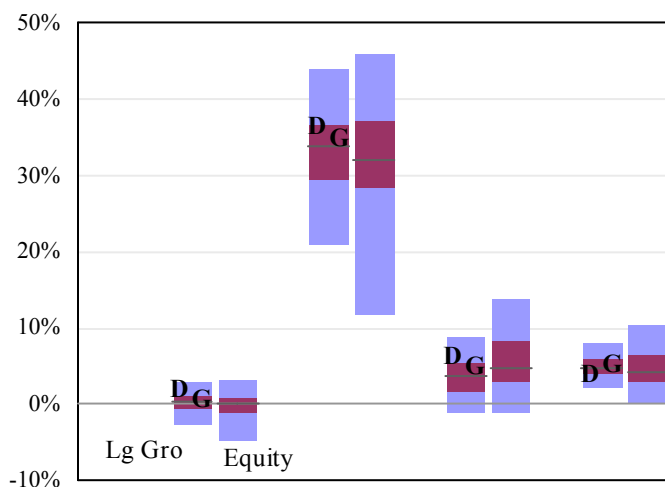
### Delaware vs. Russell 1000 Growth Cumulative Value of \$1 (Net of Fees)



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



## Delaware



	Qtr	1 Year	3 Years	5 Years
Delaware (D)	1.9	36.5	6.3	4.2
Rank v. Lg Gro	13	25	16	66
Rank v. Equity	13	26	37	51
Ru 1000 Gro (G)	0.8	35.0	5.0	5.3
Lg Gro Median	0.5	33.9	3.8	4.9
Equity Median	0.0	32.0	4.7	4.3

Portfolio Characteristics	Delaware	Russell 1000® Growth
Eq Mkt Value (\$Mil)	297.12	N/A
Wtd. Avg. Cap (\$Bil)	51.95	84.1
Beta	0.90	1.00
Yield (%)	0.55	1.43
P/E Ratio	24.59	19.03
Cash (%)	1.6	0.0
Number of Holdings	28	591
Turnover Rate (%)	50.0	-

Sector	Delaware	Russell 1000® Growth
Energy	4.7 %	11.3 %
Materials	3.0	6.0
Industrials	2.7	13.5
Cons. Discretionary	18.0	14.1
Consumer Staples	3.4	11.9
Health Care	14.5	11.0
Financials	9.3	4.0
Info Technology	40.1	27.1
Telecom Services	4.3	1.2
Utilities	0.0	0.1

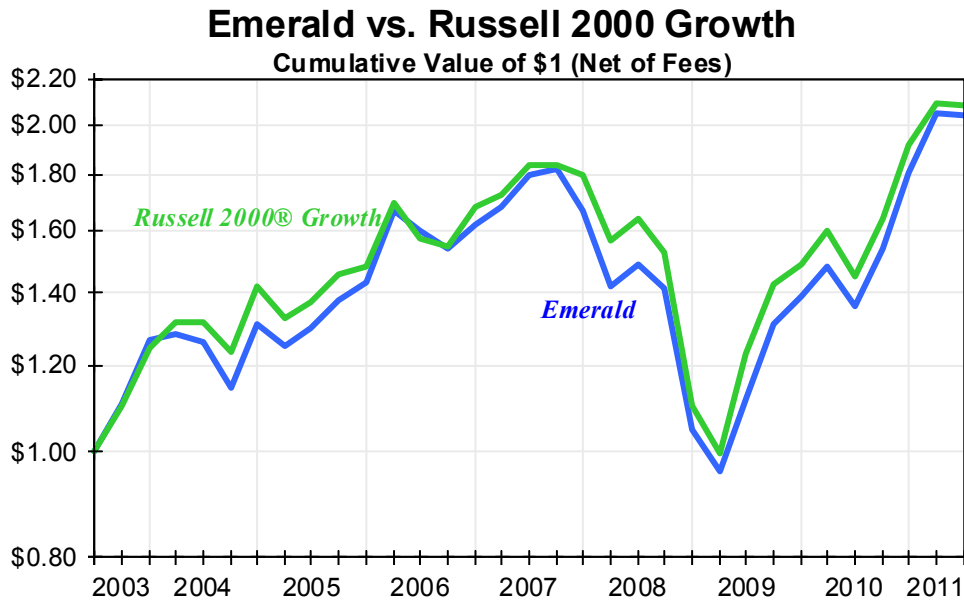
Delaware's return of 1.9% for the second quarter was better than the 0.8% return of the Russell 1000® Growth Index, and ranked in the 13<sup>th</sup> percentile in the universe of large growth equity managers. Over the past year, the portfolio returned 36.5%, exceeding the Russell 1000® Growth Index return of 35.0%, and ranked in the 25<sup>th</sup> percentile of large growth equity managers. Since inception performance approximately matches the Russell 1000® Growth Index, net of fees. Delaware is in compliance with CCCERA's performance objectives.

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

Delaware's second quarter performance relative to the Russell 1000® Growth Index was helped by stock selection and sector allocation decisions. Stock selection was strongest in the information technology sector. The top performing holdings included Polycom (+24%), Mastercard (+20%) and Nike (+19%). The worst performing holdings included Staples (-18%), BNY Mellon (-14%) and Google (-14%).

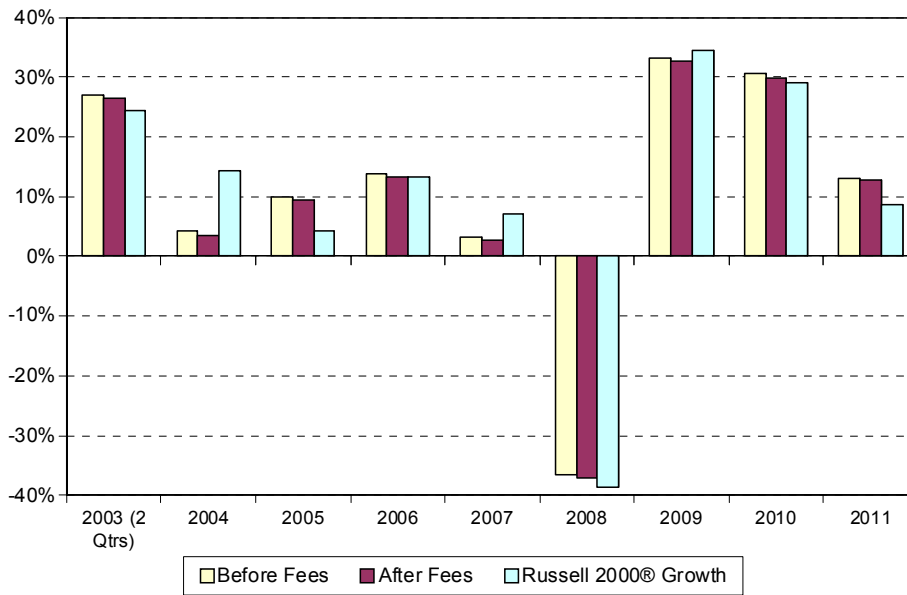
# MANAGER COMMENTS – DOMESTIC EQUITY

## Emerald



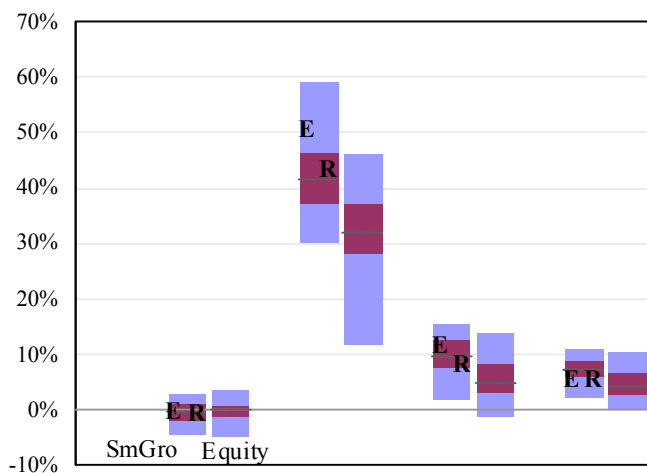
### Emerald vs. Russell 2000® Growth

Year by Year Performance





## Emerald



	Qtr	1 Year	3 Years	5 Years
Emerald (E)	-0.2	50.6	11.7	5.6
Rank v. Sm Gro	51	17	29	76
Rank v. Equity	56	2	9	35
Ru 2000 Gro (R)	-0.6	43.5	8.4	5.8
Sm Gro Median	-0.4	41.5	9.7	7.4
Equity Median	0.0	32.0	4.7	4.3

Portfolio Characteristics	Emerald	Russell 2000® Growth
Eq Mkt Value (\$Mil)	199.65	N/A
Wtd. Avg. Cap (\$Bil)	1.82	1.43
Beta	1.22	1.26
Yield (%)	0.17	0.59
P/E Ratio	35.44	44.96
Cash (%)	0.4	0.0
Number of Holdings	111	1,160
Turnover Rate (%)	117.1	-

Sector	Emerald	Russell 2000® Growth
Energy	6.3 %	8.7 %
Materials	3.5	4.6
Industrials	16.2	15.6
Cons. Discretionary	18.2	14.7
Consumer Staples	2.4	3.8
Health Care	18.2	19.3
Financials	5.7	7.3
Info Technology	28.2	24.7
Telecom Services	1.5	1.3
Utilities	0.0	0.1

Emerald's return of -0.2% for the second quarter was better than the -0.6% return of the Russell 2000® Growth index but ranked in the 51<sup>st</sup> percentile in the universe of small growth equity managers. For the one-year period, Emerald returned 50.6%, better than the 43.5% return of the Russell 2000® Growth, and ranked in the 17<sup>th</sup> percentile in the universe of small growth equity managers. Over the past five years Emerald has returned 5.6%, slightly trailing the index return of 5.8% and ranking in the 76<sup>th</sup> percentile. Emerald is in compliance with some of CCCERA's performance objectives.

The portfolio has a below-index yield and P/E ratio. It includes 111 stocks, concentrated in the small capitalization sectors. Emerald's largest economic sector over-weights relative to the Russell 2000® Growth Index are in the information technology, consumer discretionary and industrials sectors. The largest under-weights are in the energy, financials and consumer staples sectors.

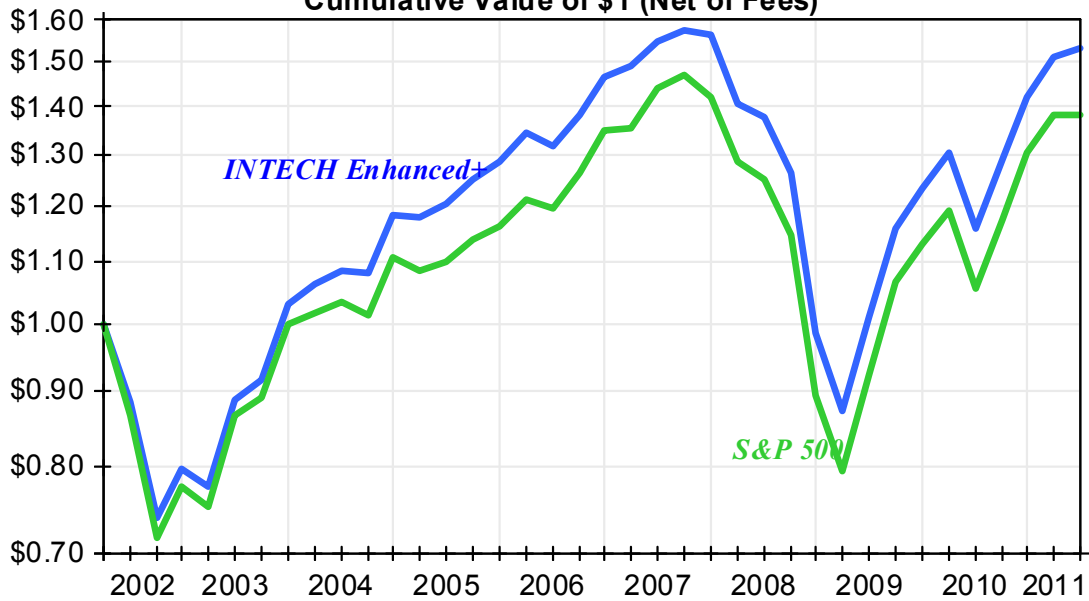
Emerald's second quarter performance relative to the Russell 2000® Growth Index was helped by stock selection but hurt slightly more by sector allocation decisions. Active trading added significantly to performance. The top performing holdings included Crocs (+44%), Alkermes (+44%) and Pharmasset (+43%). The worst performing holdings included Biomimetic Therapeutics (-61%), Intralinks Holdings (-35%) and Demandtec (-31%).

# MANAGER COMMENTS – DOMESTIC EQUITY

## Intech - Enhanced Plus

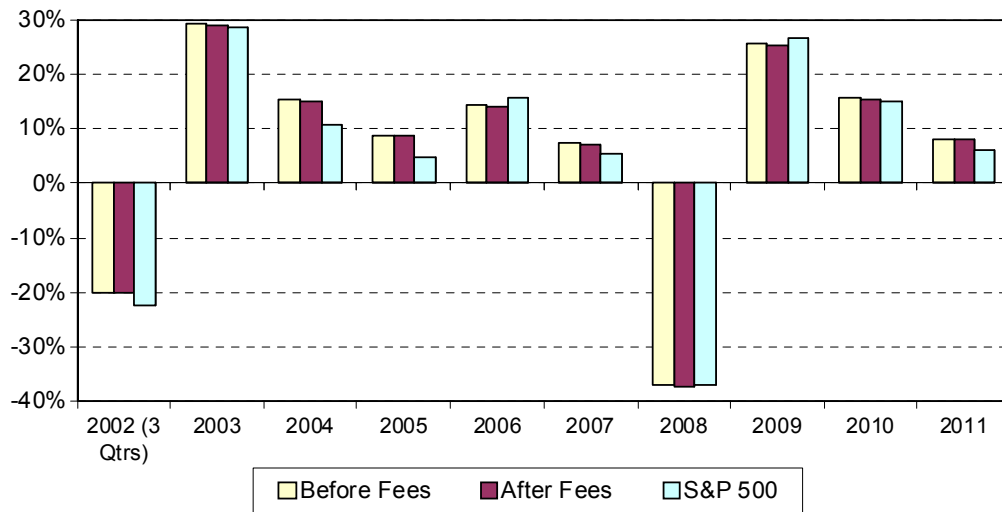
### INTECH Enhanced Plus vs. S&P 500

Cumulative Value of \$1 (Net of Fees)

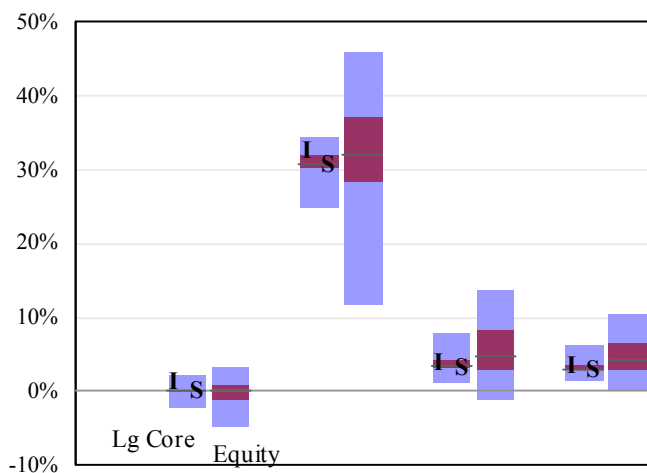


### Intech Enhanced Plus vs. S&P 500

Year by Year Performance



## Intech - Enhanced Plus



	Qtr	1 Year	3 Years	5 Years
INTECH Enh+ (I)	1.5	32.6	4.0	3.5
Rank v. Lg Core	12	16	31	32
Rank v. Equity	17	44	58	62
S&P 500 (S)	0.1	30.7	3.3	3.0
Lg Core Median	0.1	30.7	3.5	3.0
Equity Median	0.0	32.0	4.7	4.3

Portfolio Characteristics	Intech - Enhanced Plus	S&P 500
Eq Mkt Value (\$Mil)	24.52	N/A
Wtd. Avg. Cap (\$Bil)	75.19	90.02
Beta	1.01	1.00
Yield (%)	1.99 %	1.99 %
P/E Ratio	16.90	16.15
Cash (%)	0.4 %	0.0 %
Number of Holdings	366	500
Turnover Rate (%)	95.4	-

Sector	Intech - Enhanced Plus	S&P 500
Energy	15.4 %	12.2 %
Materials	5.7	3.7
Industrials	11.6	11.3
Cons. Discretionary	11.9	10.7
Consumer Staples	9.9	10.7
Health Care	8.5	11.8
Financials	9.3	15.2
Info Technology	16.7	17.9
Telecom Services	5.0	3.1
Utilities	6.0	3.4

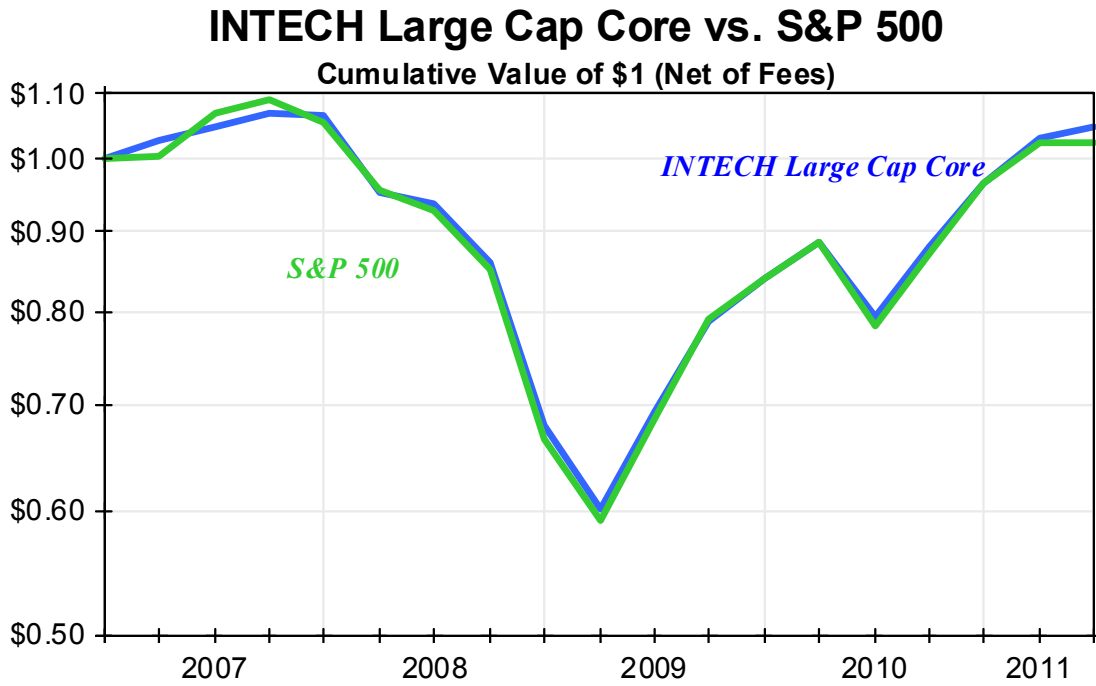
Intech's Enhanced Plus return of 1.5% for the second quarter beat the 0.1% return of the S&P 500, and ranked in the 12<sup>th</sup> percentile in the universe of large core equity managers. For the one-year period, Intech returned 32.6%, exceeding the 30.7% return of the S&P 500, and ranked in the 16<sup>th</sup> percentile. Over the past five years, Intech returned 3.5%, better than the 3.0% return of the S&P 500, and ranked in the 32<sup>nd</sup> percentile of large core equity managers. Intech Enhanced Plus is in compliance with CCCERA's performance objectives.

The portfolio has a near market beta of 1.01x, an identical yield and a slightly higher P/E ratio. The portfolio has 366 holdings concentrated in large capitalization sectors. The largest economic sector over-weights were in the energy, utilities and materials sectors, while largest under-weights were in the financials, health care and information technology sectors.

The portfolio's second quarter performance relative to the S&P 500 was helped by stock selection decisions and by sector allocation decisions. Active trading decisions were modestly negative. The best performing portfolio stocks included National Semiconductor (+72%), Biogen Idec (+46%) and Tiffany & Co. (+28%), while the worst performing holdings during the quarter included Juniper Networks (-25%), Alpha Natural Resources (-23%) and JDS Uniphase (-20%).

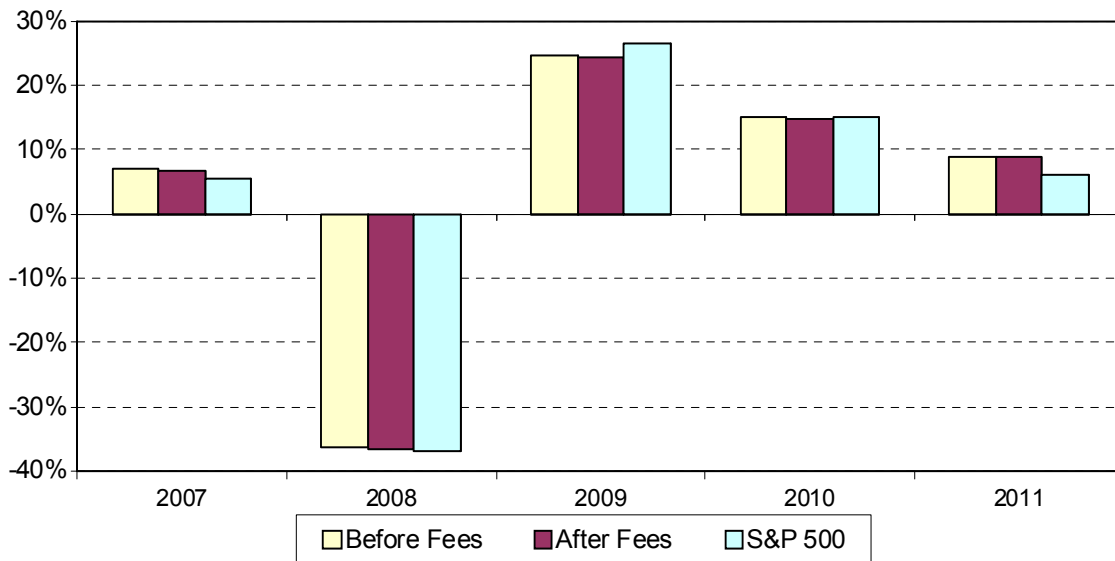
**MANAGER COMMENTS – DOMESTIC EQUITY**

**Intech - Large Cap Core**

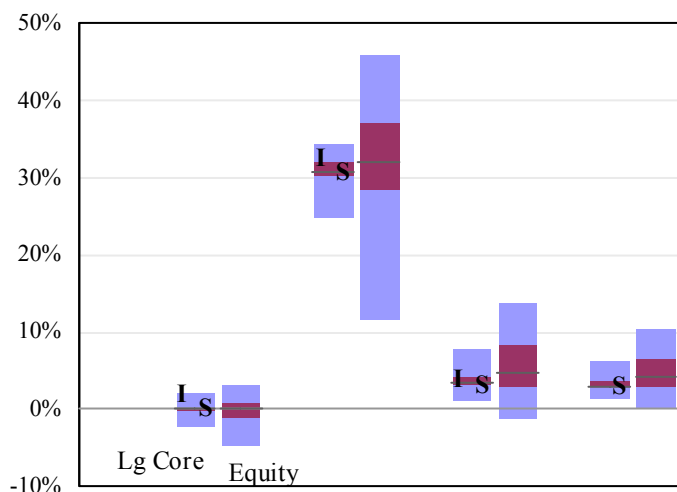


### Intech Large Cap Core vs. S&P 500

Year by Year Performance



## Intech - Large Cap Core



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Intech Lg Cap (I)	2.0	32.6	4.2	-
Rank v. Lg Core	7	19	27	-
Rank v. Equity	12	45	55	-
S&P 500 (S)	0.1	30.7	3.3	3.0
Lg Core Median	0.1	30.7	3.5	3.0
Equity Median	0.0	32.0	4.7	4.3

<b>Portfolio Characteristics</b>	<b>Intech - Large Cap</b>	<b>S&amp;P 500</b>
Eq Mkt Value (\$Mil)	186.34	N/A
Wtd. Avg. Cap (\$Bil)	59.04	90.02
Beta	1.01	1.00
Yield (%)	1.95 %	1.99 %
P/E Ratio	17.58	16.15
Cash (%)	0.5 %	0.0 %

Number of Holdings	282	500
Turnover Rate (%)	200.7	-

<b>Sector</b>	<b>Intech - Large Cap</b>	<b>S&amp;P 500</b>
Energy	16.4 %	12.2 %
Materials	7.7	3.7
Industrials	11.2	11.3
Cons. Discretionary	12.3	10.7
Consumer Staples	8.7	10.7
Health Care	7.2	11.8
Financials	7.6	15.2
Info Technology	15.4	17.9
Telecom Services	5.9	3.1
Utilities	7.6	3.4

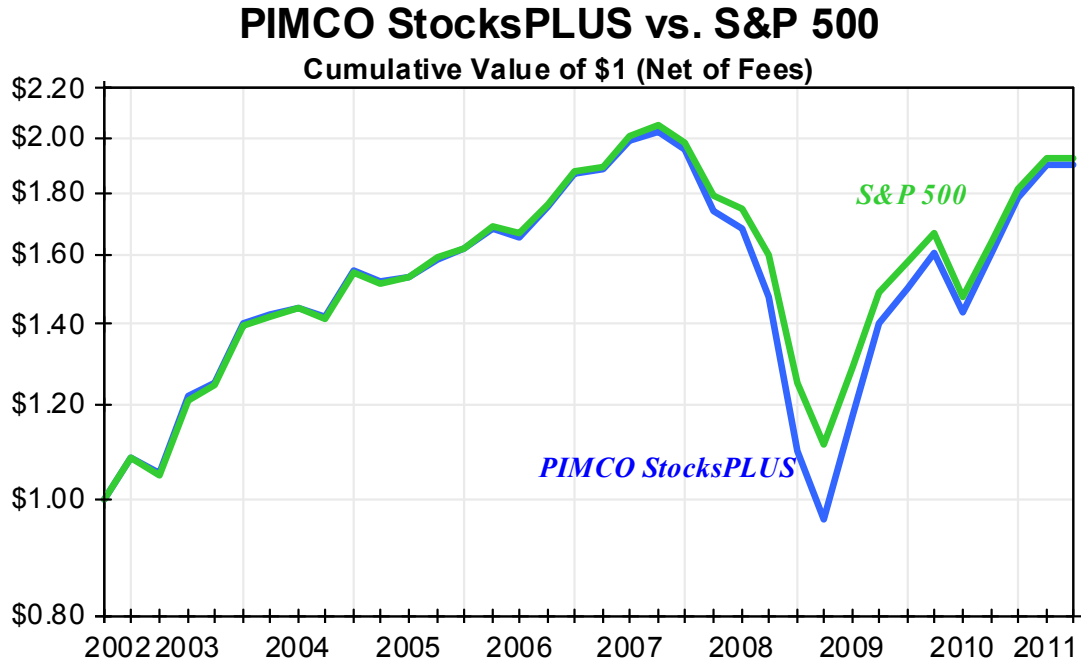
Intech's Large Cap Core (the larger, more aggressive Intech portfolio) had a return of 2.0% for the second quarter, which exceeded the 0.1% return of the S&P 500 and ranked in the 7<sup>th</sup> percentile in the universe of large core equity managers. Over the past three years, the portfolio has returned 4.2%, better than the S&P 500 return of 3.3%, and ranked in the 27<sup>th</sup> percentile of large core equity managers. The Large Cap Core account is in compliance with CCCERA's performance objectives.

The Large Cap Core portfolio follows a somewhat more aggressive investment approach than the Intech Enhanced Plus portfolio. The portfolio has a beta of 1.01x, a slightly below-market yield and an above-market P/E ratio. The portfolio has 282 holdings concentrated in large capitalization sectors. The largest economic sector over-weights were in the energy, utilities and materials sectors, while largest under-weights were in the financials, health care and information technology sectors.

The portfolio's second quarter performance relative to the S&P 500 was helped by stock selection and by sector allocation decisions. The best performing portfolio stocks included Biogen Idec (+46%), Tiffany & Co. (+28%) and Coach (+23%), while the worst performing holdings during the quarter included Juniper Networks (-25%), Alpha Natural Resources (-23%) and JDS Uniphase (-20%).

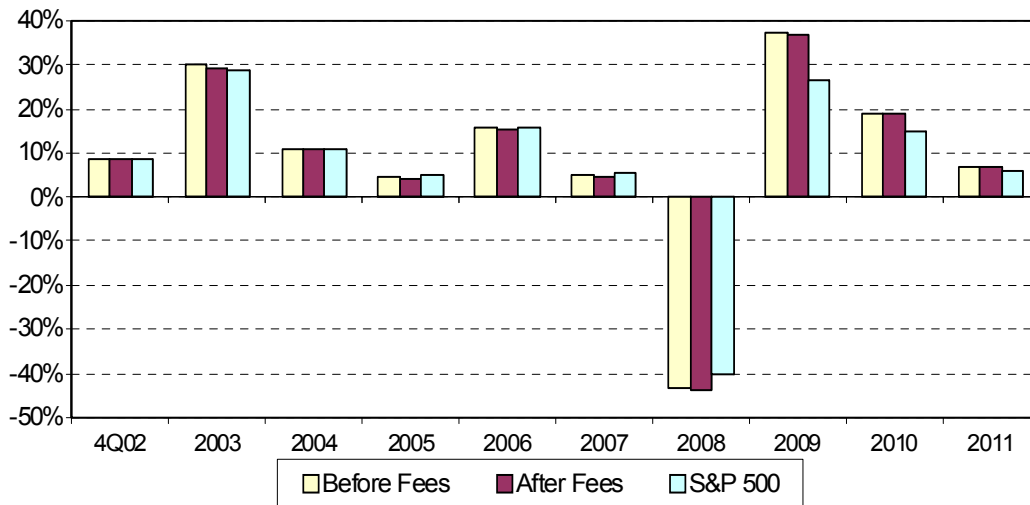
**MANAGER COMMENTS – DOMESTIC EQUITY**

**PIMCO StocksPLUS**

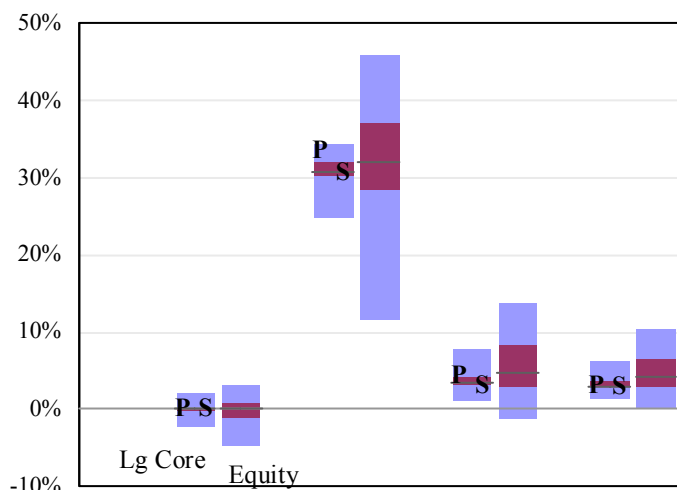


### PIMCO vs. S&P 500

Year by Year Performance



## PIMCO StocksPLUS



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
PIMCO Stock+ (P)	0.1	33.5	4.6	3.3
Rank v. Lg Core	26	9	18	37
Rank v. Equity	39	39	51	64
S&P 500 (S)	0.1	30.7	3.3	3.0
Lg Core Median	0.1	30.7	3.5	3.0
Equity Median	0.0	32.0	4.7	4.3

### Portfolio

Characteristics	PIMCO	S&P 500
Eq Mkt Value (\$Mil)	200.4	N/A
Wtd. Avg. Cap (\$Bil)	*	90.02
Beta	*	1.00
Yield (%)	* %	1.99 %
P/E Ratio	*	16.15
Cash (%)	22.7 %	0.0 %

Number of Holdings	*	500
Turnover Rate (%)	1,895.9	-

### Sector

	PIMCO	S&P 500
Energy	* %	12.2 %
Materials	*	3.7
Industrials	*	11.3
Cons. Discretionary	*	10.7
Consumer Staples	*	10.7
Health Care	*	11.8
Financials	*	15.2
Info Technology	*	17.9
Telecom Services	*	3.1
Utilities	*	3.4

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

PIMCO's StocksPLUS (futures plus cash) portfolio returned 0.1% for the second quarter, matching the 0.1% return of the S&P 500, and ranked in the 26<sup>th</sup> percentile of large core managers. For the one-year period, PIMCO returned 33.5%, better than the 30.7% return of the S&P 500, and ranked in the 9<sup>th</sup> percentile. Over the past three and five years, the portfolio has exceeded the S&P 500 and ranked well above the median large core manager. The portfolio is in compliance with most of the CCCERA performance guidelines.

Strategies that boosted PIMCO's second quarter returns included a positive duration, an allocation to Agency MBS and exposure to emerging market bonds. Strategies that were a drag on performance included: exposure to the bonds of financial companies and holdings of non-Agency MBS.

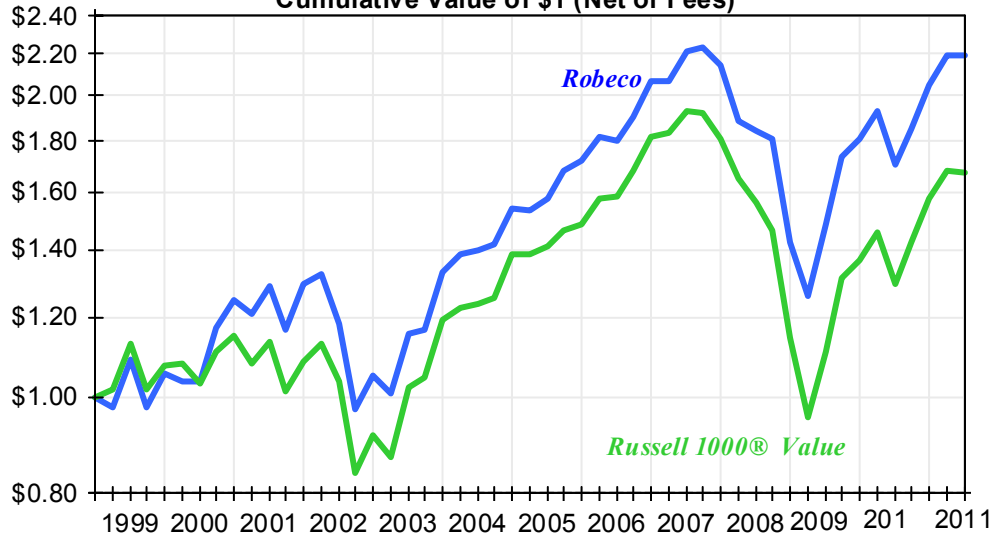
PIMCO plans to seek "high quality" yield, reduce overall portfolio duration risk and take select exposure to credit issues.

MANAGER COMMENTS – DOMESTIC EQUITY

Robeco

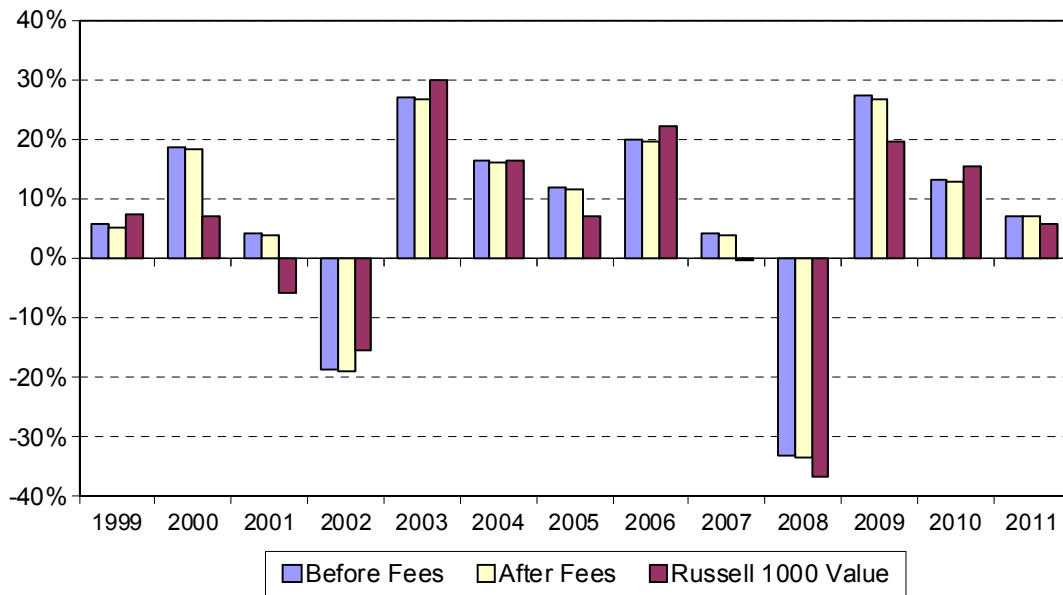
Robeco vs. Russell 1000 Value

Cumulative Value of \$1 (Net of Fees)



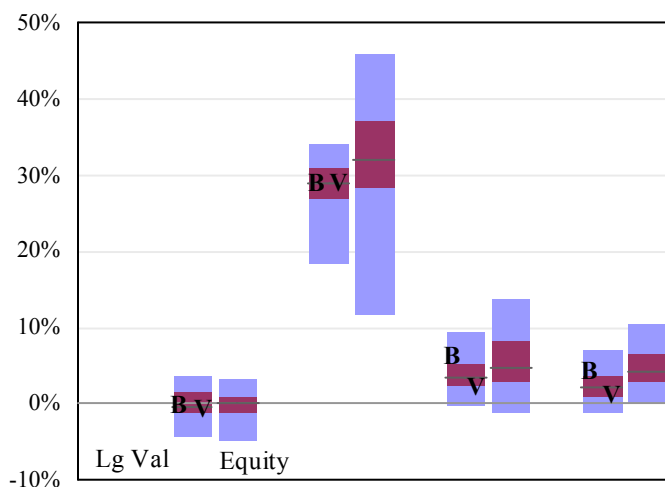
Robeco vs. Russell 1000® Value

Year by Year Performance





## Robeco



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Robeco (B)	-0.1	29.0	6.3	4.3
Rank v. Lg Value	44	51	12	17
Rank v. Equity	54	72	37	49
Rus 1000 Val (V)	-0.5	28.9	2.3	1.2
Lg Val Median	-0.4	29.0	3.6	1.0
Equity Median	-	32.0	4.7	4.3

<b>Portfolio Characteristics</b>	<b>Robeco</b>	<b>Russell 1000® Value</b>
Eq Mkt Value (\$Mil)	296.5	N/A
Wtd. Avg. Cap (\$Bil)	78.2	73.6
Beta	1.08	1.06
Yield (%)	1.78	2.31
P/E Ratio	14.22	15.15
Cash (%)	0.4	0.0
Number of Holdings	87	656
Turnover Rate (%)	68.1	-

<b>Sector</b>	<b>Robeco</b>	<b>Russell 1000® Value</b>
Energy	11.8 %	11.8 %
Materials	2.1	2.9
Industrials	10.3	9.5
Cons. Discretionary	15.9	9.1
Consumer Staples	3.1	7.2
Health Care	12.3	12.3
Financials	25.5	26.9
Info Technology	17.4	8.7
Telecom Services	0.7	4.8
Utilities	0.9	6.9

Robeco's second quarter return of -0.1% was better than the -0.5% return of the Russell 1000® Value Index and ranked in the 44<sup>th</sup> percentile of large value managers. For the one-year period, Robeco returned 29.0%, approximately matching the 28.9% return of the Russell 1000® Value Index. Over both the three and five-year periods, Robeco's performance was well above the median large value equity manager and exceeded the Russell 1000® Value Index. Robeco is in compliance with CCCERA's performance objectives.

At the end of the quarter, the portfolio had a lower P/E ratio than the index and held 87 stocks, concentrated in the large and mid capitalization sectors. Robeco's largest economic sector over-weights were in the information technology, consumer discretionary and industrials sectors, while the largest under-weights were in the utilities, consumer staples and telecom services sectors.

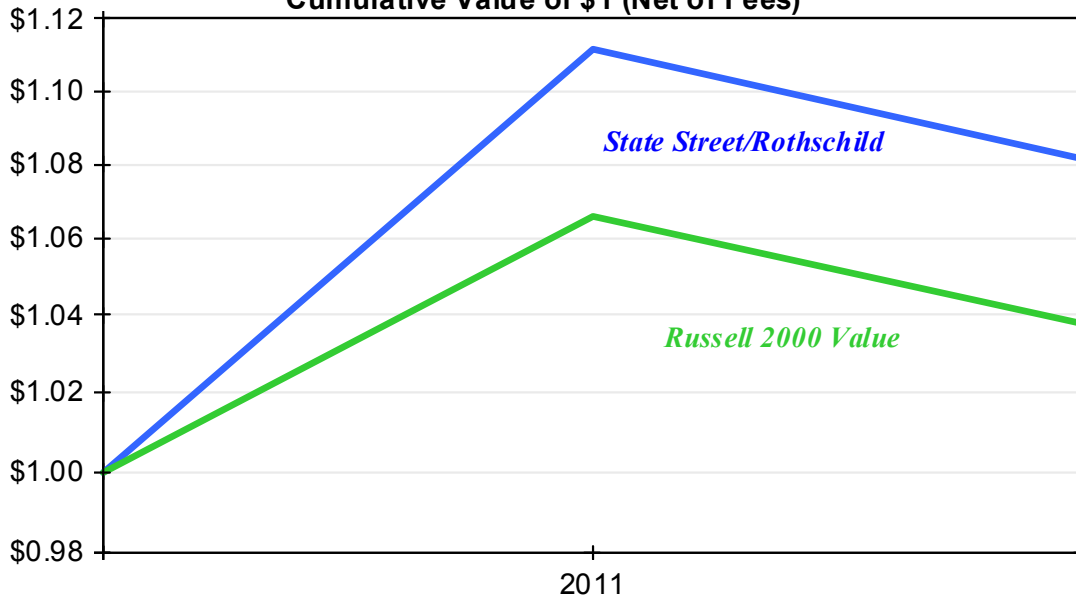
Robeco's second quarter performance relative to the Russell 1000® Value Index was helped by stock selection but hurt by sector allocation decisions. Stock selection was strongest in the information technology sector. Top performing holdings included IAC (+24%), Macys (+21%) and Groupe CGI (+18%), while the worst performing holdings included Petrobakken Energy (-28%), Gap (-20%) and Oshkosh Trucks (-18%).

**MANAGER COMMENTS – DOMESTIC EQUITY**

**State Street - Small Cap Value**

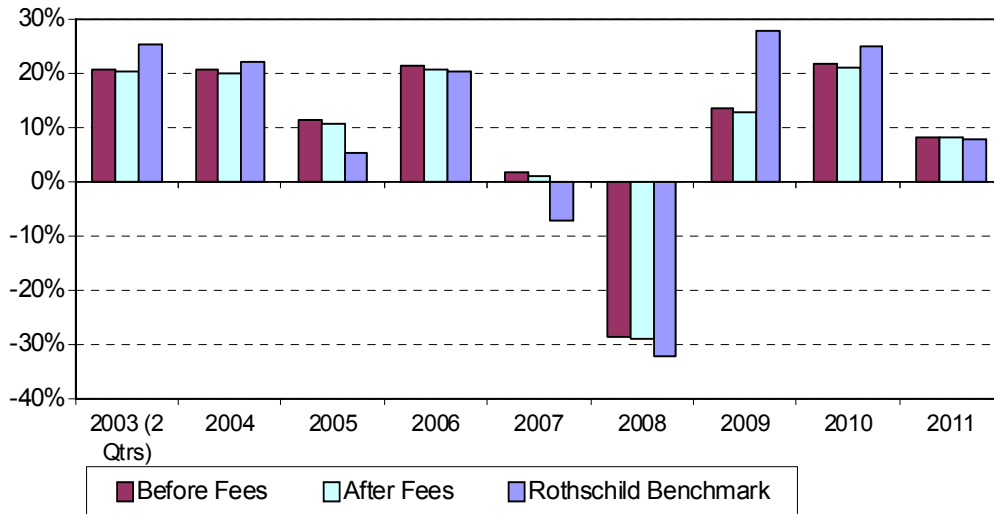
**State Street vs. Russell 2000 Value**

Cumulative Value of \$1 (Net of Fees)



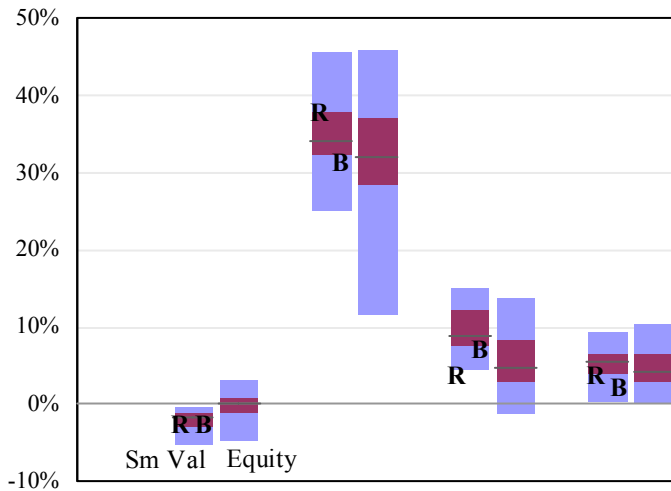
**State Street/Rothschild vs. Benchmark**

Year by Year Performance



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

## SSgA/Rothschild



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
SS/Rothschild (R)	-2.7	37.6	3.7	3.8
Rank v. Sm Val	73	28	95	71
Rank v. Equity	87	23	61	56
Ru 2000® Val (V)	-2.7	31.3	7.1	2.2
Sm Val Median	-1.6	33.9	9.0	5.4
Equity Median	0.0	32.0	4.7	4.3

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

Portfolio Characteristics	SSgA/Rothschild	Russell 2000® Value
Eq Mkt Value (\$Mil)	186.89	N/A
Wtd. Avg. Cap (\$Bil)	1.37	1.11
Beta	1.22	1.20
Yield (%)	1.69 %	1.85 %
P/E Ratio	30.46	27.95
Cash (%)	0.1 %	0.0 %
Number of Holdings	653	1,364
Turnover Rate (%)	176.8	-

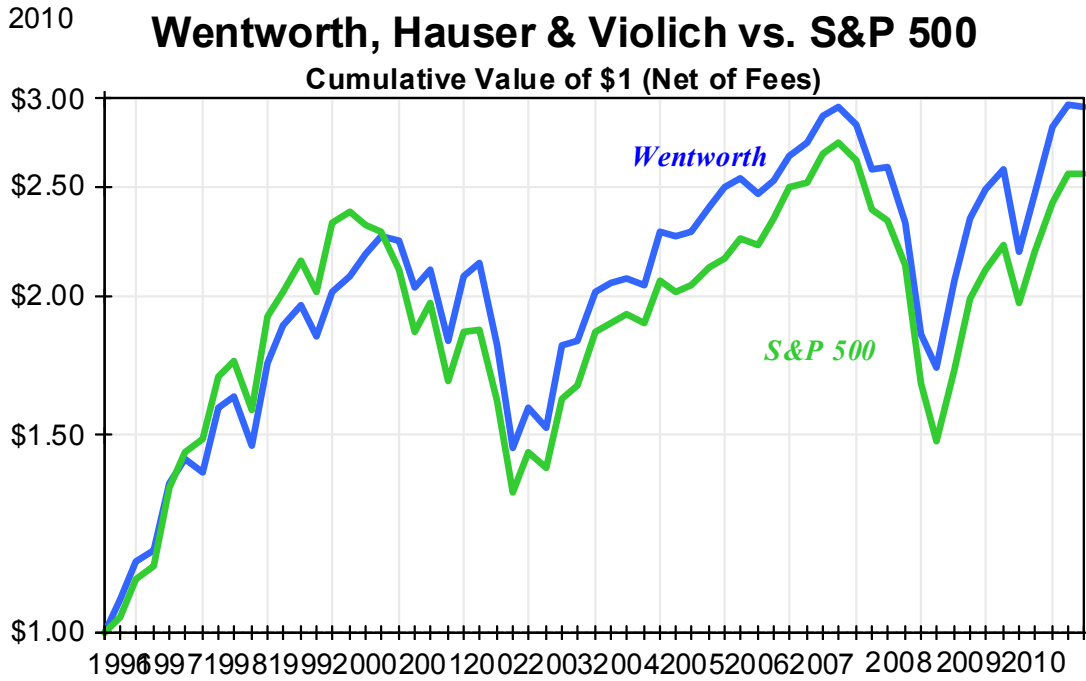
Sector	SSgA/Rothschild	Russell 2000® Value
Energy	5.7 %	5.4 %
Materials	5.8	5.3
Industrials	14.9	15.2
Cons. Discretionary	11.7	11.9
Consumer Staples	2.4	2.9
Health Care	6.6	5.8
Financials	35.0	34.1
Info Technology	12.0	12.2
Telecom Services	0.3	0.9
Utilities	5.7	6.4

The Rothschild mandate was terminated during the first quarter. State Street is managing the portfolio on a semi-passive basis while a new small cap value manager is identified.

The portfolio had a beta of 1.22x, a below-index yield and an above -index P/E ratio. It included 653 stocks, concentrated in the small capitalization sectors. Sector weightings were quite close to the index, as expected.

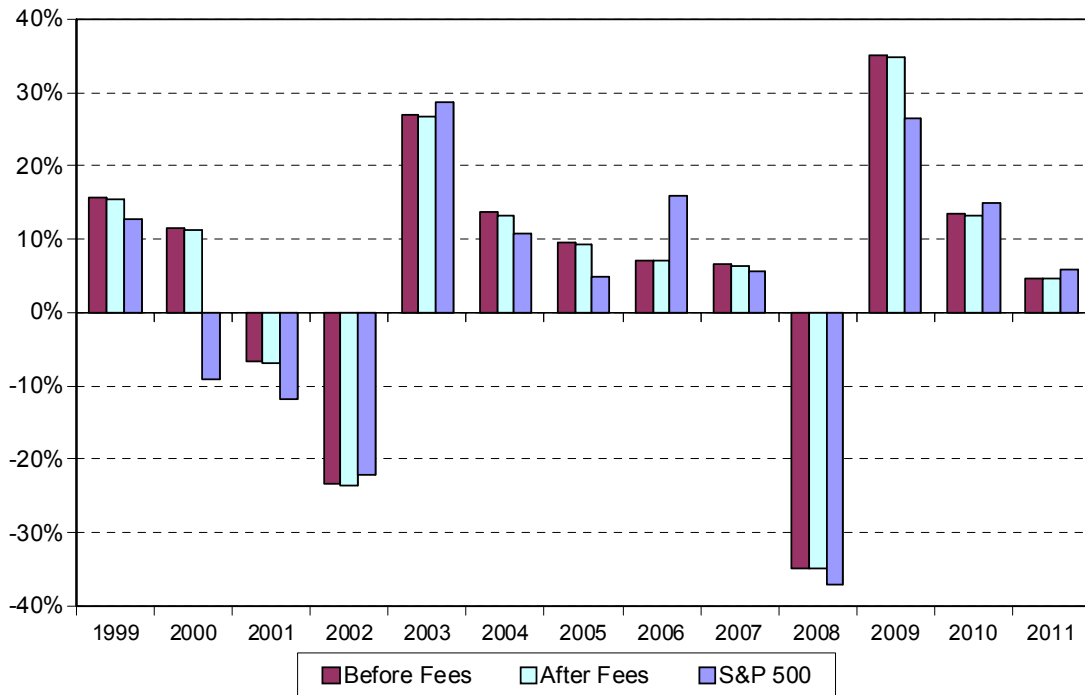
# MANAGER COMMENTS – DOMESTIC EQUITY

Wentworth, Hauser and Violich

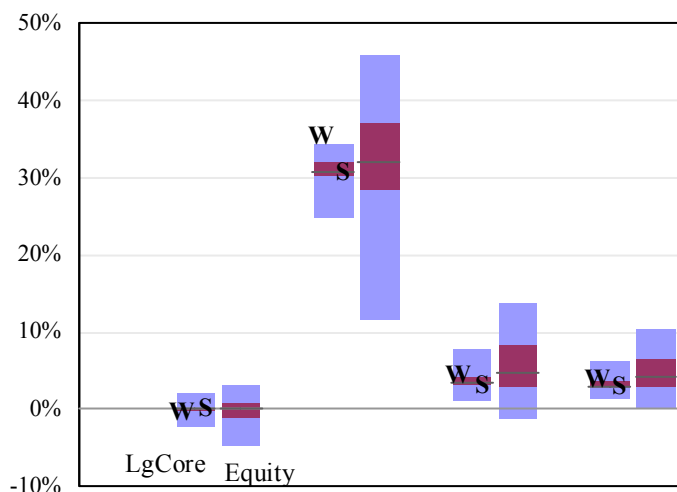


## Wentworth vs. S&P 500

Year by Year Performance



## Wentworth, Hauser and Violich



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
WHV (W)	-0.4	35.3	4.5	3.9
Rank v. Lg Core	84	4	19	17
Rank v. Equity	60	31	51	54
S&P 500 (S)	0.1	30.7	3.3	3.0
Lg Core Median	0.1	30.7	3.5	3.0
Equity Median	0.0	32.0	4.7	4.3

### Portfolio

Characteristics	Wentworth	S&P 500
Eq Mkt Value (\$Mil)	195.47	N/A
Wtd. Avg. Cap (\$Bil)	67.03	90.02
Beta	1.02	1.00
Yield (%)	1.22	1.99
P/E Ratio	16.97	16.15
Cash (%)	1.7	0.0

Number of Holdings	33	500
Turnover Rate (%)	115.2	-

Sector	Wentworth	S&P 500
Energy	18.5 %	12.2 %
Materials	7.5	3.7
Industrials	16.9	11.3
Cons. Discretionary	6.9	10.7
Consumer Staples	7.6	10.7
Health Care	11.8	11.8
Financials	13.3	15.2
Info Technology	17.5	17.9
Telecom Services	0.0	3.1
Utilities	0.0	3.4

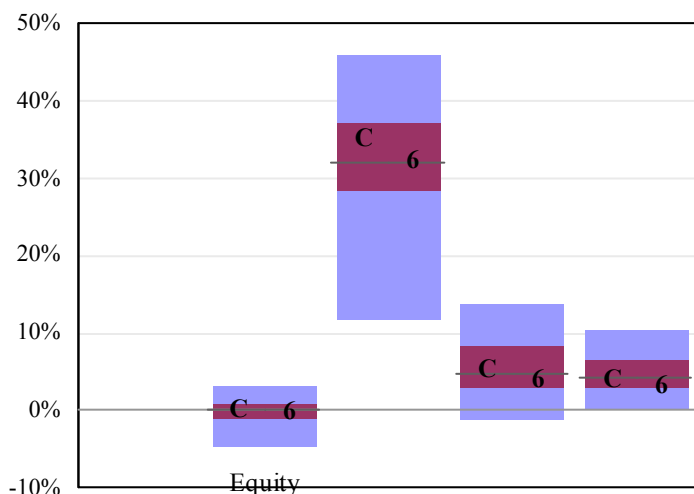
Wentworth's return of -0.4% for the second quarter trailed the 0.1% return of the S&P 500 and ranked in the 84<sup>th</sup> percentile of large core managers. For the one-year period, Wentworth returned 35.3%, better than the 30.7% return of the S&P 500, and ranked in the 4<sup>th</sup> percentile. Wentworth has exceeded the S&P 500 over the past three and five years and also ranked above median in the large core universe over the trailing three and five-year periods. Wentworth is in compliance with CCCERA performance guidelines.

The portfolio has an above-market beta of 1.02x, a below-market yield and an above-market P/E ratio. The portfolio has 33 holdings concentrated in large and mid capitalization sectors. The largest economic sector over-weights are in the energy, industrials and materials sectors, while largest under-weights are in the consumer discretionary, utilities and consumer staples sectors.

Wentworth's second quarter performance relative to the S&P 500 was helped by stock selection but hurt by sector allocation decisions. The best performing portfolio stocks included Dollar Tree (+20%), WW Grainger (+12%), and CheckPoint Software (+11%) while the worst performing holdings included Peabody Energy (-18%), Deere & Co. (-14%) and Google (-14%).

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## Total Domestic Equity



	Qtr	1 Year	3 Years	5 Years
Total Equity (C)	0.2	35.0	5.5	3.9
Rank v. Equity	37	32	43	54
Russell 3000® (6)	-0.0	32.4	4.0	3.4
Equity Median	0.0	32.0	4.7	4.3

Portfolio Characteristics	Total Fund	Russell 3000®
Eq Mkt Value (\$Mil)	1,586.88	N/A
Wtd. Avg. Cap (\$Bil)	47.02	72.35
Beta	1.06	1.04
Yield (%)	1.22 %	1.82 %
P/E Ratio	20.20	17.60
Cash (%)	3.2 %	0.0 %

Number of Holdings	1,171	2,969
Turnover Rate (%)	233.8	-

Sector	Total Fund	Russell 3000®
Energy	10.3 %	11.2 %
Materials	4.6	4.5
Industrials	11.2	11.8
Cons. Discretionary	14.3	11.7
Consumer Staples	4.5	9.0
Health Care	12.0	11.7
Financials	16.0	16.0
Info Technology	22.8	17.9
Telecom Services	2.2	2.8
Utilities	2.1	3.5

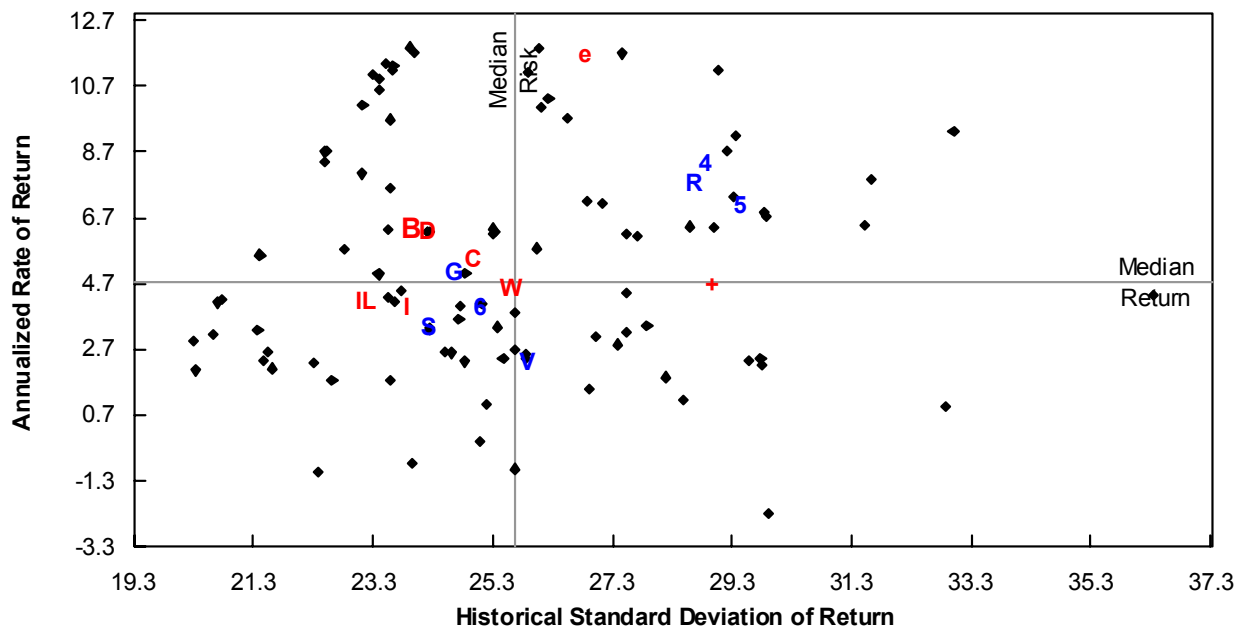
CCCERA total domestic equities returned 0.2% in the second quarter, which was better than the 0.0% return of the Russell 3000® Index and ranked in the 37<sup>th</sup> percentile of all equity managers. For the one-year period, the CCCERA equity return of 35.0% was better than the 32.4% return of the Russell 3000® and ranked in the 32<sup>nd</sup> percentile. Over the past three years, CCCERA domestic equities exceeded the Russell 3000® index and the median manager. Over the past five years the domestic equities exceeded the Russell 3000®, but slightly trailed the median.

The combined domestic equity portfolio has a beta of 1.06x, a below-index yield and an above-index P/E ratio. The portfolio is broadly diversified with positions in 1,171 stocks. The combined portfolio's largest economic sector over-weights are in the information technology, consumer discretionary and health care sectors, while the largest under-weights are in the consumer staples, utilities and energy sectors.

# MANAGER COMMENTS – DOMESTIC EQUITY

## Domestic Equity Performance and Variability

Three Years Ending June 30, 2011

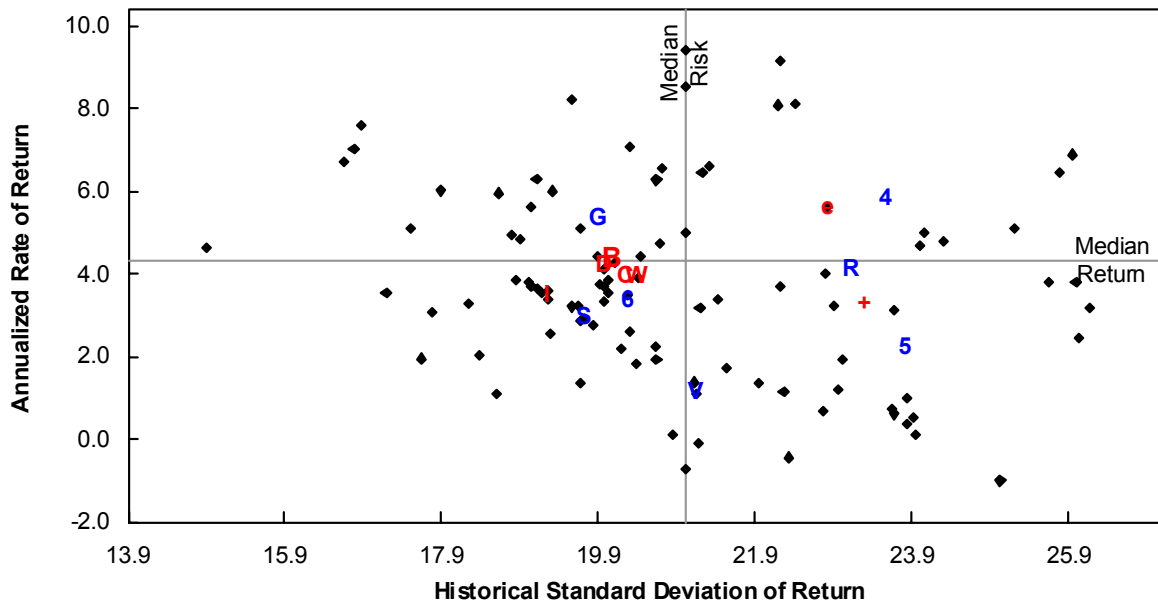


Domestic Equity Manager	Annualized Return	Standard Deviation	Risk/Reward Ratio
Boston Partners ( <b>B</b> )	6.3 %	24.0 %	0.25
Delaware ( <b>D</b> )	6.3	24.2	0.24
Emerald ( <b>e</b> )	11.7	26.8	0.42
INTECH Enhanced ( <b>I</b> )	4.0	23.9	0.15
INTECH Large Core ( <b>IL</b> )	4.2	23.2	0.16
PIMCO StocksPLUS ( <b>+</b> )	4.6	29.0	0.14
Wentworth, Hauser ( <b>W</b> )	4.5	25.6	0.16
Domestic Equity ( <b>C</b> )	5.5	25.0	0.20
Russell® 3000 ( <b>6</b> )	4.0	25.1	0.14
S&P 500 ( <b>S</b> )	3.3	24.2	0.12
Russell 1000® Growth ( <b>G</b> )	5.0	24.7	0.19
Russell 1000® Value ( <b>V</b> )	2.3	25.9	0.07
Russell 2000® ( <b>R</b> )	7.8	28.7	0.26
Russell 2000® Growth ( <b>4</b> )	8.4	28.9	0.27
Russell 2000® Value ( <b>5</b> )	7.1	29.4	0.23
Median Equity Port.	4.7	25.7	0.17



## Domestic Equity Performance and Variability

Five Years Ending June 30, 2011



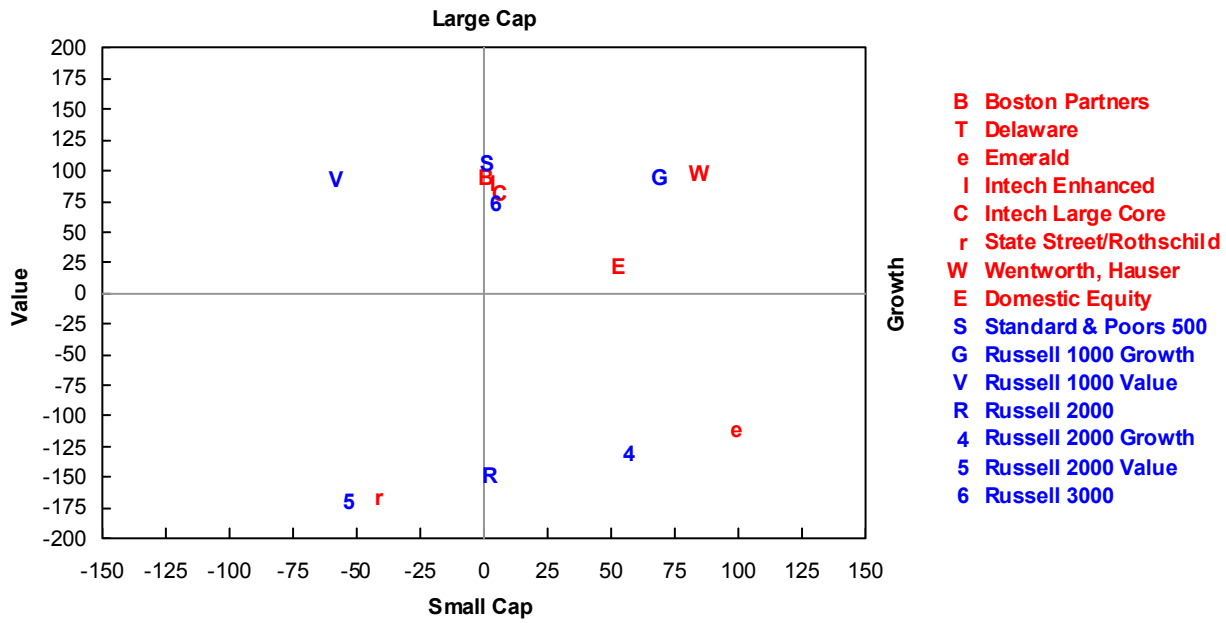
Domestic Equity Manager	Annualized Return	Standard Deviation	Risk/Reward Ratio
Boston Partners ( <b>B</b> )	4.3 %	20.1 %	0.12
Delaware ( <b>D</b> )	4.2	20.0	0.11
Emerald ( <b>e</b> )	5.6	22.8	0.16
INTECH Enhanced ( <b>I</b> )	3.5	19.2	0.08
PIMCO StocksPLUS ( <b>+</b> )	3.3	23.3	0.05
Wentworth, Hauser ( <b>W</b> )	3.9	20.4	0.10
Domestic Equity ( <b>C</b> )	3.9	20.2	0.10
Russell® 3000 ( <b>6</b> )	3.4	20.2	0.07
S&P 500 ( <b>S</b> )	3.0	19.7	0.05
Russell 1000® Growth ( <b>G</b> )	5.3	19.9	0.17
Russell 1000® Value ( <b>V</b> )	1.2	21.1	-0.04
Russell 2000® ( <b>R</b> )	4.1	23.1	0.09
Russell 2000® Growth ( <b>4</b> )	5.8	23.5	0.16
Russell 2000® Value ( <b>5</b> )	2.2	23.8	0.01
Median Equity Port.	4.3	21.0	0.11

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# MANAGER COMMENTS - DOMESTIC EQUITY

## Domestic Equity Style Map

As of June 30, 2011



## PORTFOLIO PROFILE REPORT

	<b>Russell 3000® 6/30/2011</b>	<b>Combined Equity 6/30/2011</b>	<b>Russell 1000® Value 6/30/2011</b>	<b>Boston 6/30/2011</b>	<b>Russell 1000® Growth 6/30/2011</b>	<b>Delaware 6/30/2011</b>
Equity Market Value (\$000)		1,586,881		296,479		297,116
Beta	1.04	1.06	1.06	1.08	1.00	0.90
Yield	1.82	1.22	2.31	1.78	1.43	0.55
P/E Ratio	17.60	20.20	15.15	14.22	19.03	24.59
Standard Error	1.73	2.06	2.30	2.77	2.16	4.14
R <sup>2</sup>	0.97	0.97	0.95	0.93	0.96	0.84
Wtd Cap Size (\$Mil)	72,352	47,019	73,635	78,210	84,137	51,949
Avg Cap Size (\$Mil)	1,036	4,533	5,047	21,090	6,535	25,373
Number of Holdings	2,969	1,171	656	87	591	28
<b>Economic Sectors</b>						
Energy	11.16	10.29	11.82	11.81	11.25	4.67
Materials	4.47	4.57	2.88	2.07	6.01	3.00
Industrials	11.82	11.23	9.50	10.33	13.52	2.73
Consumer Discretionary	11.72	14.27	9.08	15.87	14.10	18.00
Consumer Staples	9.01	4.49	7.22	3.12	11.87	3.44
Health Care	11.72	12.03	12.31	12.28	10.97	14.53
Financials	15.95	16.03	26.89	25.46	3.99	9.30
Information Technology	17.87	22.81	8.71	17.44	27.05	40.07
Telecom. Services	2.81	2.20	4.75	0.72	1.16	4.25
Utilities	3.47	2.09	6.85	0.91	0.08	0.00

## PORTFOLIO PROFILE REPORT

	<b>S&amp;P 500</b>	<b>Intech</b>	<b>Intech</b>	<b>PIMCO+</b>	<b>Wentworth</b>
	<b>Cap Wtd</b>	<b>Enhanced</b>	<b>Large Cap</b>	<b>(S&amp;P 500)</b>	<b>6/30/2011</b>
	<b>6/30/2011</b>	<b>6/30/2011</b>	<b>6/30/2011</b>	<b>6/30/2011</b>	<b>6/30/2011</b>
Equity Market Value (\$000)		24,521	186,344	200,398	195,474
Beta	1.00	1.01	1.01	1.00	1.02
Yield	1.99	1.99	1.95	1.99	1.22
P/E Ratio	16.15	16.90	17.58	16.15	16.97
Standard Error	0.00	1.73	2.37	0.00	2.64
R <sup>2</sup>	1.00	0.97	0.95	1.00	0.94
Wtd Cap Size (\$Mil)	90,021	75,193	59,040	90,021	67,032
Avg Cap Size (\$Mil)	11,876	14,140	14,359	11,876	35,188
Number of Holdings	500	366	282	500	33
<b>Economic Sectors</b>					
Energy	12.17	15.41	16.44	12.17	18.53
Materials	3.69	5.72	7.70	3.69	7.51
Industrials	11.32	11.59	11.24	11.32	16.90
Consumer Discretionary	10.70	11.93	12.25	10.70	6.93
Consumer Staples	10.71	9.87	8.74	10.71	7.57
Health Care	11.78	8.49	7.17	11.78	11.83
Financials	15.23	9.34	7.61	15.23	13.25
Information Technology	17.90	16.70	15.37	17.90	17.48
Telecom. Services	3.11	4.97	5.87	3.11	0.00
Utilities	3.40	5.99	7.61	3.40	0.00

## PORTFOLIO PROFILE REPORT

	<b>Russell 2000® 6/30/2011</b>	<b>Russell 2000® Value 6/30/2011</b>	<b>SSgA/ Rothschild 6/30/2011</b>	<b>Russell 2000® Growth 6/30/2011</b>	<b>Emerald 6/30/2011</b>
Equity Market Value (\$000)			186,895		199,654
Beta	1.23	1.20	1.22	1.26	1.22
Yield	1.22	1.85	1.69	0.59	0.17
P/E Ratio	34.57	27.95	30.46	44.96	35.44
Standard Error	5.51	6.06	5.90	5.62	6.46
R <sup>2</sup>	0.85	0.81	0.82	0.86	0.81
Wtd Cap Size (\$Mil)	1,272	1,110	1,373	1,433	1,820
Avg Cap Size (\$Mil)	541	461	655	641	1,427
Number of Holdings	1,984	1,364	653	1,160	111
<b>Economic Sectors</b>					
Energy	7.06	5.39	5.67	8.70	6.27
Materials	4.94	5.27	5.78	4.61	3.52
Industrials	15.41	15.23	14.89	15.59	16.22
Consumer Discretionary	13.30	11.87	11.67	14.71	18.16
Consumer Staples	3.34	2.89	2.41	3.79	2.36
Health Care	12.55	5.75	6.59	19.26	18.19
Financials	20.60	34.09	35.02	7.28	5.68
Information Technology	18.50	12.22	11.96	24.69	28.15
Telecom. Services	1.08	0.86	0.34	1.30	1.47
Utilities	3.23	6.42	5.69	0.08	0.00

## PORTFOLIO PROFILE REPORT

	Russell 3000® 6/30/2011	Combined Equity 6/30/2011	Russell 1000® Value 6/30/2011	Boston 6/30/2011	Russell 1000® Growth 6/30/2011	Delaware 6/30/2011
<b>Beta Sectors</b>						
1 0.0 - 0.9	0.00	38.88	43.54	36.00	43.47	47.11
2 0.9 - 1.1	42.57	19.90	15.87	18.14	17.66	35.51
3 1.1 - 1.3	16.47	16.89	15.55	22.52	19.16	14.38
4 1.3 - 1.5	17.18	9.98	6.23	6.30	9.23	2.99
5 Above 1.5	8.07	14.36	18.81	17.04	10.48	0.00
<b>Yield Sectors</b>						
1 Above 5.0	0.00	36.78	12.64	14.66	28.87	50.88
3 3.0 - 5.0	23.90	20.94	22.41	22.69	22.19	30.29
3 1.5 - 3.0	21.64	30.15	28.97	47.59	39.95	18.83
4 0.0 - 1.5	32.47	9.51	28.34	14.11	7.64	0.00
5 0.0	17.34	2.63	7.65	0.96	1.35	0.00
<b>P/E Sectors</b>						
1 0.0 - 12.0	0.00	21.25	35.09	36.39	12.10	6.60
2 12.0 -20.0	24.13	42.61	48.16	50.42	51.18	37.29
3 20.0 -30.0	47.73	19.35	9.03	8.07	21.48	31.51
4 30.0 - 150.0	15.55	12.91	6.17	4.10	13.46	15.19
5 N/A	10.62	3.87	1.54	1.02	1.79	9.41
<b>Capitalization Sectors</b>						
1 Above 20.0 (\$Bil)	0.00	48.54	63.69	65.72	64.19	61.51
2 10.0 - 20.0	58.58	14.73	16.01	15.61	14.95	21.28
3 5.0 - 10.0	14.19	9.67	9.10	8.80	12.78	14.66
4 1.0 - 5.0	10.01	17.99	11.19	9.87	8.08	2.55
5 0.5 - 1.0	13.68	4.43	0.01	0.00	0.00	0.00
6 0.1 - 0.5	2.16	4.42	0.00	0.00	0.00	0.00
7 0.0 - 0.1	1.38	0.22	0.00	0.00	0.00	0.00
<b>5 Yr Earnings Growth</b>						
1 N/A	0.00	33.46	51.53	46.29	22.15	11.53
2 0.0 -10.0	37.73	31.16	28.16	24.23	33.04	34.78
3 10.0 -20.0	30.35	18.83	15.28	24.58	27.73	15.20
4 Above 20.0	20.97	16.55	5.03	4.89	17.08	38.48

## PORTFOLIO PROFILE REPORT

	<b>S&amp;P 500 Cap Wtd 6/30/2011</b>	<b>Intech Enhanced 6/30/2011</b>	<b>Intech Large Cap 6/30/2011</b>	<b>PIMCO+ (S&amp;P 500) 6/30/2011</b>	<b>Wentworth 6/30/2011</b>
<b>Beta Sectors</b>					
1 0.0 - 0.9	45.07	44.46	44.14	45.07	33.95
2 0.9 - 1.1	17.29	16.18	16.02	17.29	16.47
3 1.1 - 1.3	17.98	14.61	12.03	17.98	25.39
4 1.3 - 1.5	6.45	10.22	14.01	6.45	14.59
5 Above 1.5	13.20	14.52	13.81	13.20	9.60
<b>Yield Sectors</b>					
1 Above 5.0	16.10	17.49	19.44	16.10	29.14
3 3.0 - 5.0	21.78	20.29	20.28	21.78	22.41
3 1.5 - 3.0	38.14	39.07	38.28	38.14	43.76
4 0.0 - 1.5	19.43	17.21	15.07	19.43	4.69
5 0.0	4.55	5.93	6.93	4.55	0.00
<b>P/E Sectors</b>					
1 0.0 - 12.0	24.07	17.86	14.36	24.07	16.24
2 12.0 -20.0	52.42	50.12	48.45	52.42	58.81
3 20.0 -30.0	14.19	19.11	22.71	14.19	18.90
4 30.0 - 150.0	8.07	11.70	13.01	8.07	6.06
5 N/A	1.24	1.21	1.46	1.24	0.00
<b>Capitalization Sectors</b>					
1 Above 20.0 (\$Bil)	72.94	55.28	50.64	72.94	70.89
2 10.0 - 20.0	16.67	24.56	28.17	16.67	16.56
3 5.0 - 10.0	8.26	15.94	17.48	8.26	12.55
4 1.0 - 5.0	2.12	4.22	3.71	2.12	0.00
5 0.5 - 1.0	0.00	0.00	0.00	0.00	0.00
6 0.1 - 0.5	0.00	0.00	0.00	0.00	0.00
7 0.0 - 0.1	0.00	0.00	0.00	0.00	0.00
<b>5 Yr Earnings Growth</b>					
1 N/A	36.50	32.86	31.18	36.50	27.02
2 0.0 -10.0	31.35	32.98	32.60	31.35	37.26
3 10.0 -20.0	21.65	23.94	23.85	21.65	17.32
4 Above 20.0	10.49	10.22	12.37	10.49	18.41

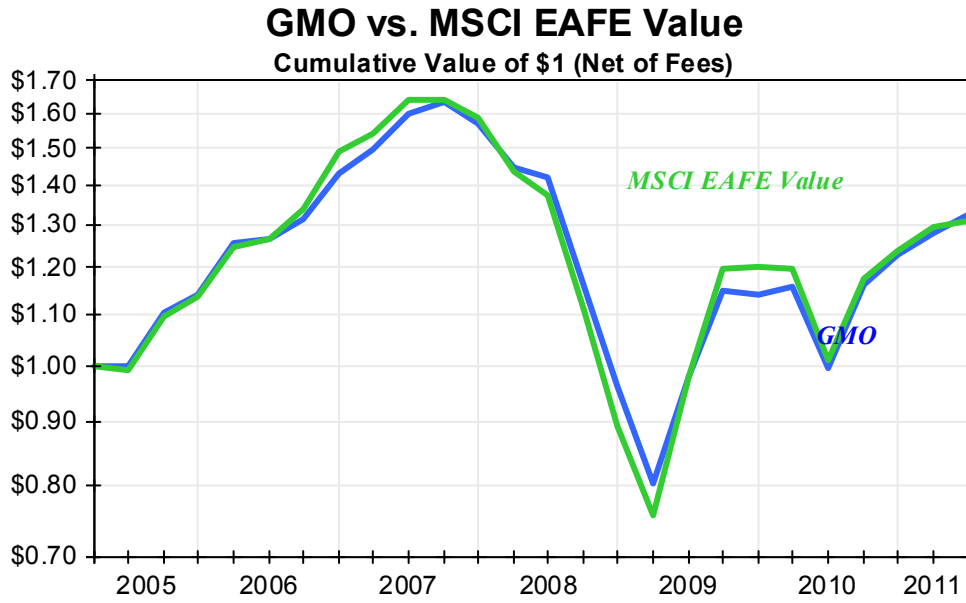


## PORTFOLIO PROFILE REPORT

	<b>Russell 2000® 6/30/2011</b>	<b>Russell 2000® Value 6/30/2011</b>	<b>SSgA/ Rothschild 6/30/2011</b>	<b>Russell 2000® Growth 6/30/2011</b>	<b>Emerald 6/30/2011</b>
<b>Beta Sectors</b>					
1 0.0 - 0.9	32.23	0.00	35.86	0.00	26.73
2 0.9 - 1.1	13.29	34.53	13.58	29.91	15.24
3 1.1 - 1.3	15.29	13.86	12.47	12.71	11.77
4 1.3 - 1.5	11.91	14.14	10.38	16.45	20.71
5 Above 1.5	27.28	11.34	27.71	12.49	25.56
<b>Yield Sectors</b>					
1 Above 5.0	59.01	0.00	47.88	0.00	85.04
3 3.0 - 5.0	14.43	46.98	12.78	70.90	10.46
3 1.5 - 3.0	11.22	13.63	16.34	15.22	4.01
4 0.0 - 1.5	9.41	15.45	14.79	7.03	0.50
5 0.0	5.93	13.84	8.20	5.04	0.00
<b>P/E Sectors</b>					
1 0.0 - 12.0	29.21	0.00	34.53	0.00	17.06
2 12.0 -20.0	26.21	36.42	31.81	22.16	16.99
3 20.0 -30.0	19.32	31.54	15.76	21.01	23.90
4 30.0 - 150.0	19.78	14.81	15.49	23.72	31.80
5 N/A	5.48	13.85	2.40	25.56	10.25
<b>Capitalization Sectors</b>					
1 Above 20.0 (\$Bil)	0.00	0.00	0.00	0.00	0.00
2 10.0 - 20.0	0.00	0.00	0.00	0.00	0.00
3 5.0 - 10.0	0.00	0.00	0.07	0.00	3.02
4 1.0 - 5.0	57.80	0.00	53.51	0.00	68.35
5 0.5 - 1.0	25.70	50.58	19.11	64.92	17.31
6 0.1 - 0.5	16.48	28.09	25.79	23.34	11.00
7 0.0 - 0.1	0.02	21.31	1.52	11.72	0.33
<b>5 Yr Earnings Growth</b>					
1 N/A	47.63	0.00	53.39	0.00	33.87
2 0.0 -10.0	27.48	57.23	27.06	37.94	32.16
3 10.0 -20.0	14.90	23.72	12.70	31.27	14.75
4 Above 20.0	9.98	12.15	6.85	17.68	19.22

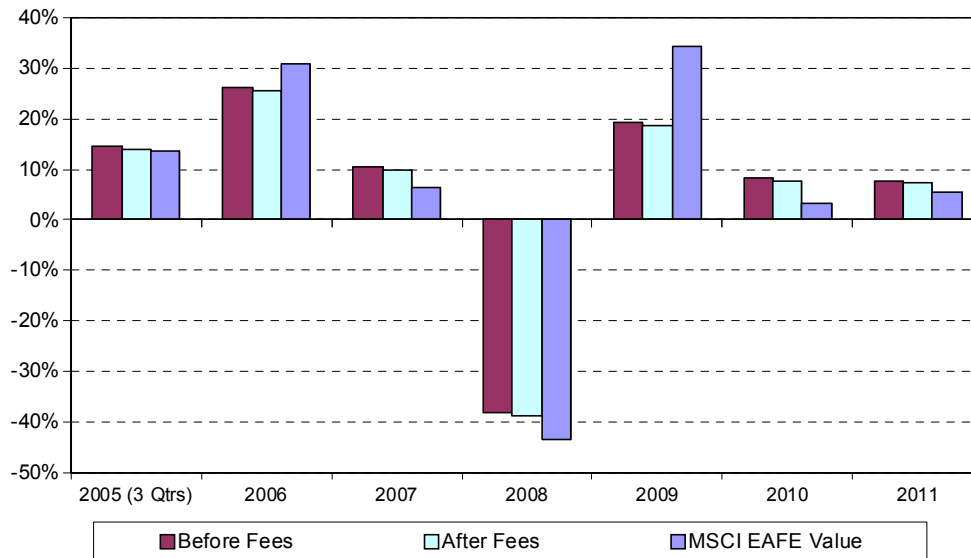
# MANAGER COMMENTS – INTERNATIONAL EQUITY

Grantham, Mayo, van Otterloo & Co

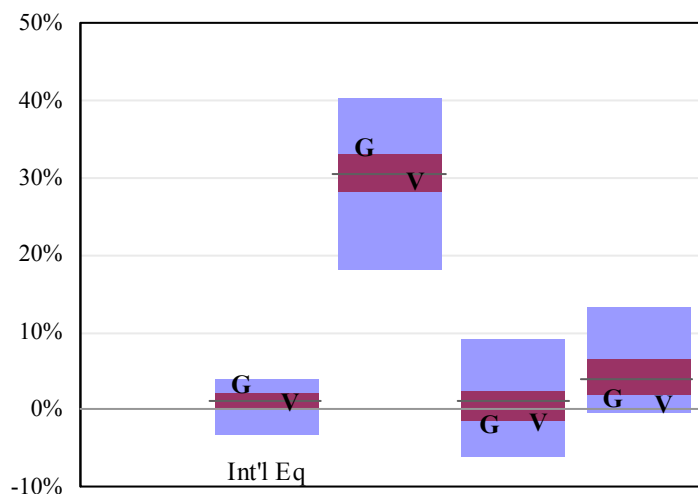


### GMO vs. MSCI EAFE Value

Year by Year Performance



## Grantham, Mayo, van Otterloo & Co



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
GMO (G)	3.3	33.8	-1.8	1.5
Rank v. Int'l Equity	8	83	77	84
EAFE Value (V)	1.0	29.4	-1.7	0.7
Int'l Eq Median	1.1	30.5	1.1	4.1

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

<u>Over-Weighted Countries</u>	<u>GMO</u>	<u>MSCI EAFE</u>
Luxembourg	5.1 %	0.3 %
Italy	7.0	2.7
Canada	4.3	0.0

<u>Under-Weighted Countries</u>	<u>GMO</u>	<u>MSCI EAFE</u>
United Kingdom	11.8 %	21.1 %
Switzerland	3.6	8.3
Australia	4.4	8.6

The GMO international value equity portfolio returned 3.3% in the second quarter, better than the 1.0% return of the MSCI EAFE Value Index, and ranked in the 8<sup>th</sup> percentile of international equity managers. Over the past year, the portfolio has returned 33.8%, above the 29.4% return of the EAFE Value Index, but ranked in the 83<sup>rd</sup> percentile. Over the past five years, GMO has returned 1.5%, above the 0.7% return of the EAFE Value Index, but ranked in the 84<sup>th</sup> percentile. GMO is in compliance with some of the CCCERA guidelines.

The portfolio's largest country over-weights were in Luxembourg, Italy and Canada, while the largest under-weights were in the United Kingdom, Switzerland and Australia.

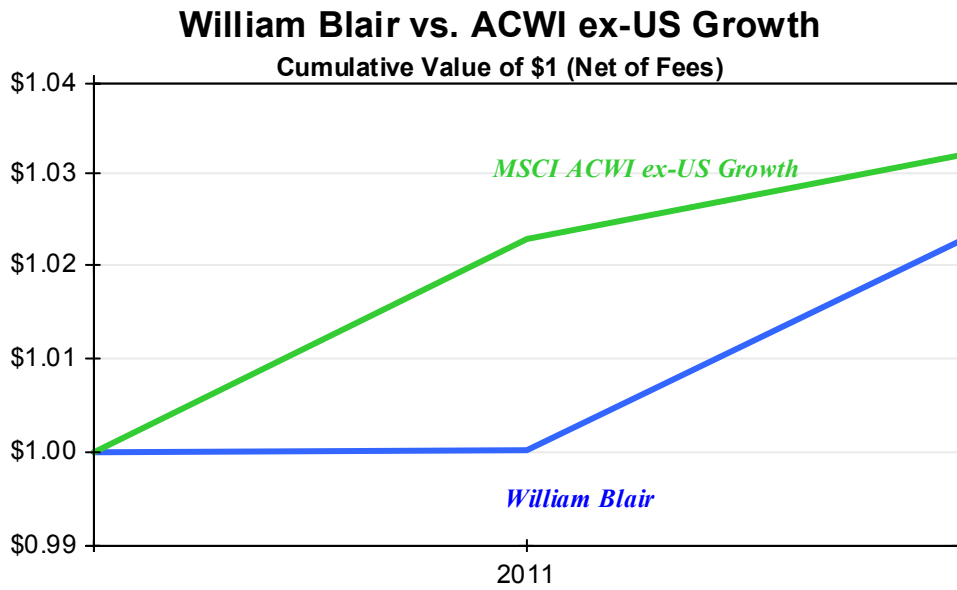
Both stock selection and country allocation decisions contributed to second quarter results. Stock selection in Japan and the United Kingdom was particularly strong. Trading decisions had a large negative impact on second quarter performance.

GMO's three-pronged investment discipline (momentum, quality-adjusted value and intrinsic value) had strong results in the quarter. Stocks favored for their strong momentum characteristics performed the best. Those ranked highly by quality-adjusted value and intrinsic value also outperformed.

Individual stock positions that added significant value included overweights in Sanofi, GlaxoSmithKline and AstraZeneca. Detractors included Total, Eni and Encana.

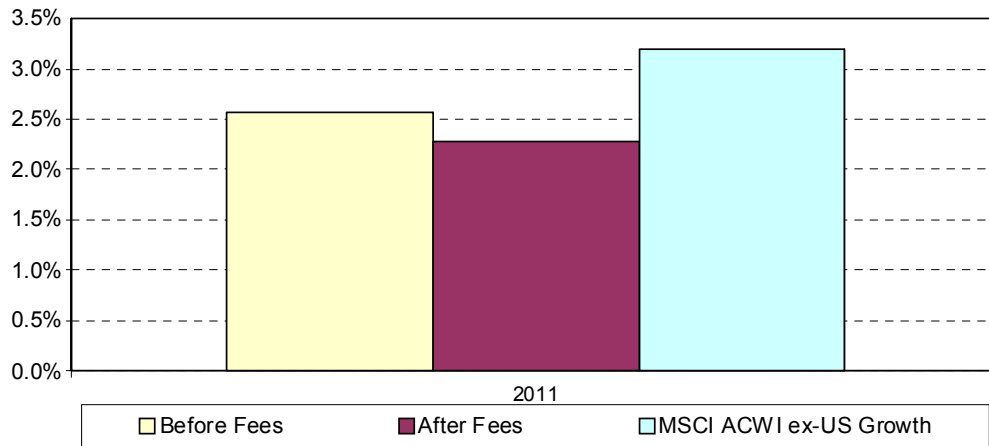
# MANAGER COMMENTS – INTERNATIONAL EQUITY

## William Blair

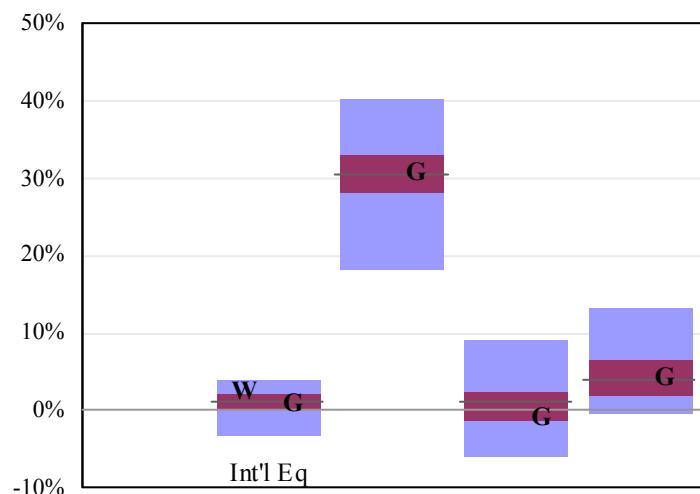


### William Blair vs. ACWI ex-US Growth

Year by Year Performance



## William Blair



	Qtr	1 Year	3 Years	5 Years
Wm. Blair (W)	2.4	-	-	-
Rank v. Intl Eq	21	-	-	-
ACWI xUS Gro (G)	0.9	30.9	-0.8	4.4
Int'l Eq Median	1.1	30.5	1.1	4.1

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

Over-Weighted Countries	William Blair	MSCI EAFE
Canada	5.6 %	0.0 %
China	3.1	0.0
South Korea	2.6	0.0

Under-Weighted Countries	William Blair	MSCI EAFE
Switzerland	3.4 %	8.3 %
France	7.4	10.2
Japan	17.6	19.9

William Blair returned 2.4% in the second quarter, better than the MSCI ACWI ex-US Growth Index return of 0.9%. This return ranked in the 21<sup>st</sup> percentile of international equity portfolios.

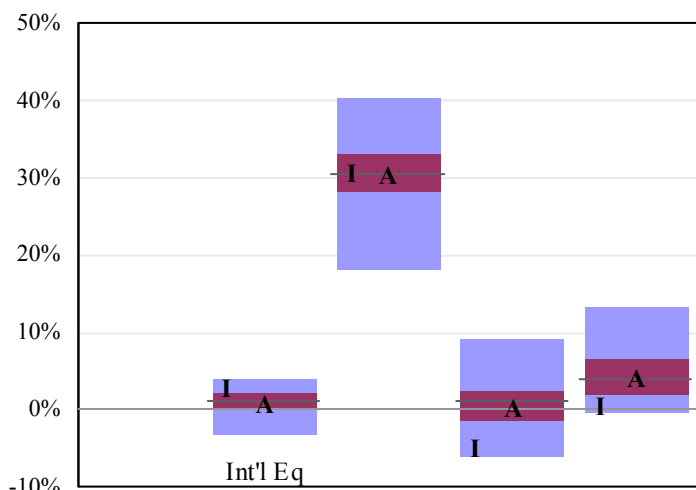
The portfolio's largest country over-weights relative to MSCI EAFE were in Canada, China and South Korea, while the largest under-weights were in the Switzerland, France and Japan.

Both stock selection and country allocation decisions were positive during the quarter. Active trading decisions detracted from performance.

According to the manager, excess returns were generated across the portfolio. Most notably, Japanese social media, auto-related stocks, luxury holdings and specialty retail holdings all performed well. The portfolio's quality focus led to an overweight in banks, which suffered during the quarter. Stock selection within Canada, Japan and Europe was particularly strong.

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## Total International Equity



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Int'l Eq (I)	2.9	30.4	-4.9	0.6
Rank v. Intl Eq	15	51	93	91
ACWI xUS (A)	0.6	30.3	0.1	4.1
EAFE (E)	1.8	30.9	-1.3	2.0
Int'l Eq Median	1.1	30.5	1.1	4.1

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

<b>Over-Weighted Countries</b>	<b>Total International</b>	<b>MSCI EAFE</b>
Canada	4.9 %	0.0 %
Luxembourg	2.7	0.3
Italy	4.3	2.7

<b>Under-Weighted Countries</b>	<b>Total International</b>	<b>MSCI EAFE</b>
Australia	2.4 %	8.6 %
Switzerland	3.5	8.3
United Kingdom	16.5	21.1

The total international equity composite returned 2.9% in the second quarter, better than the 1.8% return of the MSCI EAFE Index. This return ranked in the 15<sup>th</sup> percentile of international equity managers. Over the past year, the total international equity composite returned 30.4%, slightly below the 30.9% return of the MSCI EAFE Index, and ranked in the 51<sup>st</sup> percentile of international equity managers. Over the past five years the total international equity composite trailed the return of the MSCI EAFE Index and ranked well below median in the international equity universe.

The composite's largest country over-weights were in Canada, Luxembourg and Italy while the largest under-weights were in Australia, Switzerland and the United Kingdom.

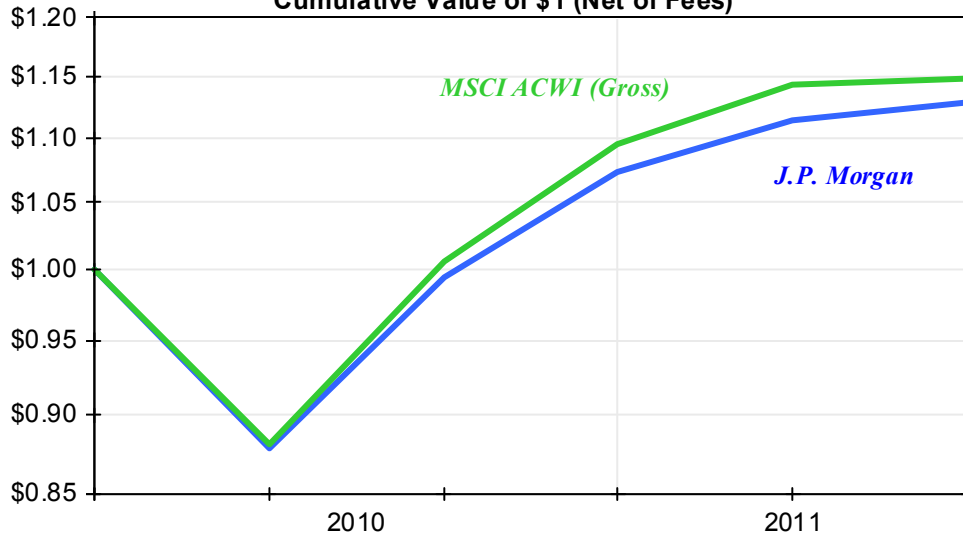
Stock selection decisions boosted overall international equity results in the second quarter as did country allocation decisions. Active trading had a negative impact on second quarter returns.

**MANAGER COMMENTS – GLOBAL EQUITY**

**J.P. Morgan Global Opportunities**

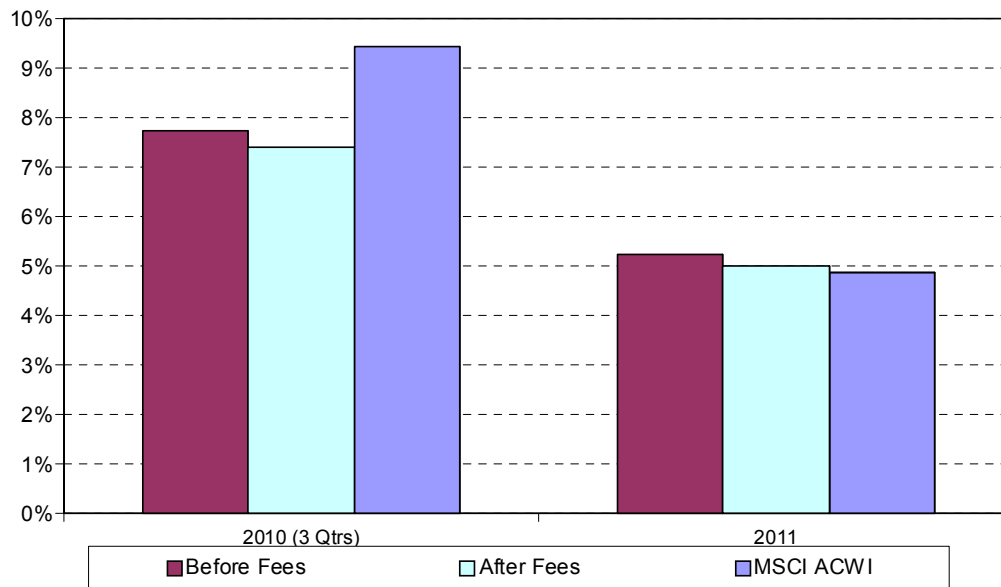
**J.P. Morgan vs. MSCI ACWI**

Cumulative Value of \$1 (Net of Fees)



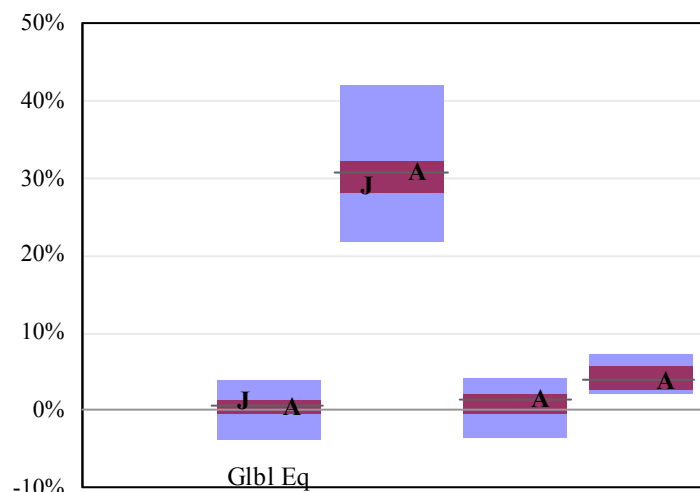
**J.P. Morgan vs. MSCI ACWI (Gross)**

Year by Year Performance





## J.P. Morgan Global Opportunities



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
J.P. Morgan (J)	1.3	28.9	-	-
Rank v. Gbl Equity	26	71	-	-
MSCI ACWI (A)	0.4	30.8	1.5	3.7
Gbl Eq Median	0.6	30.8	1.4	4.1

<b>Portfolio Characteristics</b>	<b>J.P. Morgan</b>	<b>MSCI ACWI</b>
Mkt Value (\$Mil)	256.40	N/A
Cash (%)	0.0 %	0.0 %

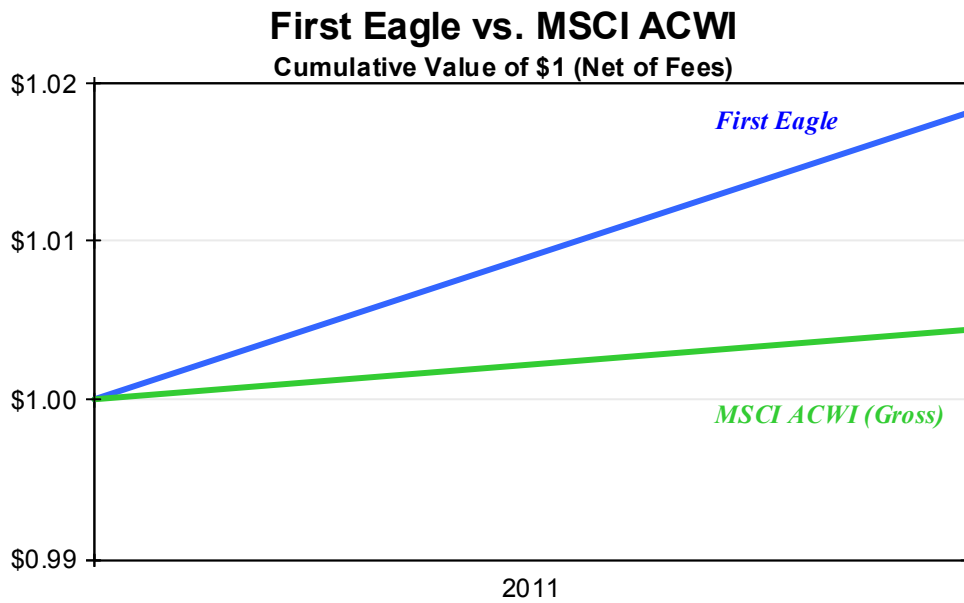
<b>Sector</b>	<b>J.P. Morgan</b>	<b>MSCI ACWI</b>
Energy	11.7 %	11.9 %
Materials	19.0	9.1
Industrials	16.4	11.0
Cons. Discretionary	4.0	10.1
Consumer Staples	3.7	9.5
Health Care	7.4	8.6
Financials	10.9	20.2
Info Technology	5.7	11.3
Telecom Services	8.6	4.6
Utilities	12.6	3.8

The J.P. Morgan global equity portfolio returned 1.3% in the second quarter, better than the 0.4% return of the MSCI ACWI benchmark, and ranked in the 26<sup>th</sup> percentile of global equity managers. Over the past year, the portfolio has returned 28.9%, trailing the benchmark return of 30.8% and ranked in the 71<sup>st</sup> percentile.

The largest economic sector over-weights were in the materials, utilities and industrials sectors, while largest under-weights were in the financials, consumer discretionary and consumer staples sectors. Stock selection decisions were neutral in aggregate during the quarter while sector allocation and active trading decisions boosted overall results.

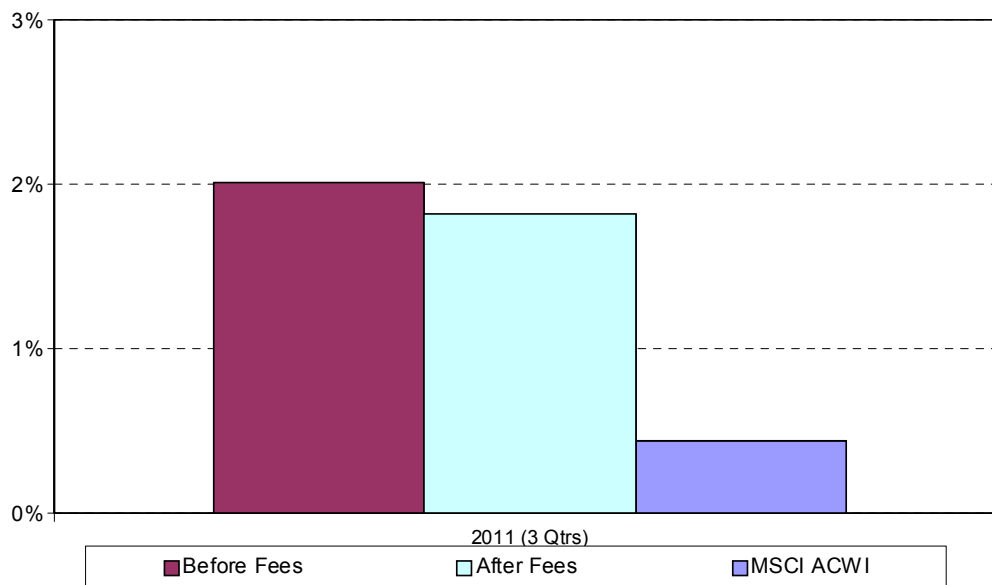
# MANAGER COMMENTS – GLOBAL EQUITY

## First Eagle

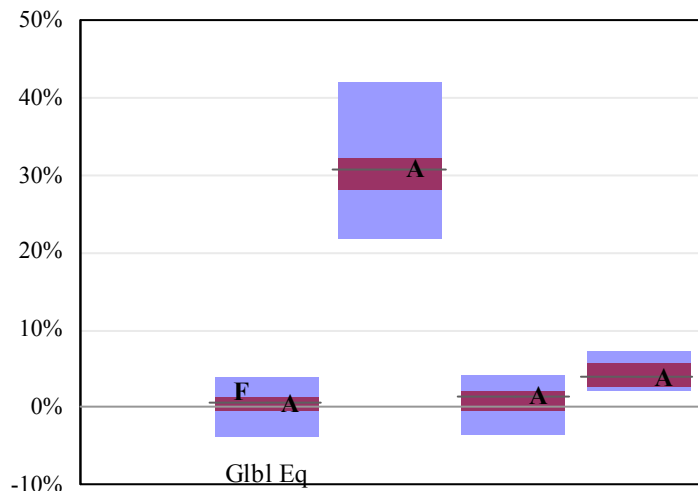


### First Eagle vs. MSCI ACWI (Gross)

Year by Year Performance



## First Eagle



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
First Eagle (F)	2.0	-	-	-
Rank v. Gbl Equity	17	-	-	-
MSCI ACWI (A)	0.4	30.8	1.5	3.7
Gbl Eq Median	0.6	30.8	1.4	4.1

<b>Portfolio Characteristics</b>	<b>First Eagle</b>	<b>MSCI ACWI</b>
Mkt Value (\$Mil)	127.03	N/A
Cash (%)	11.3 %	0.0 %

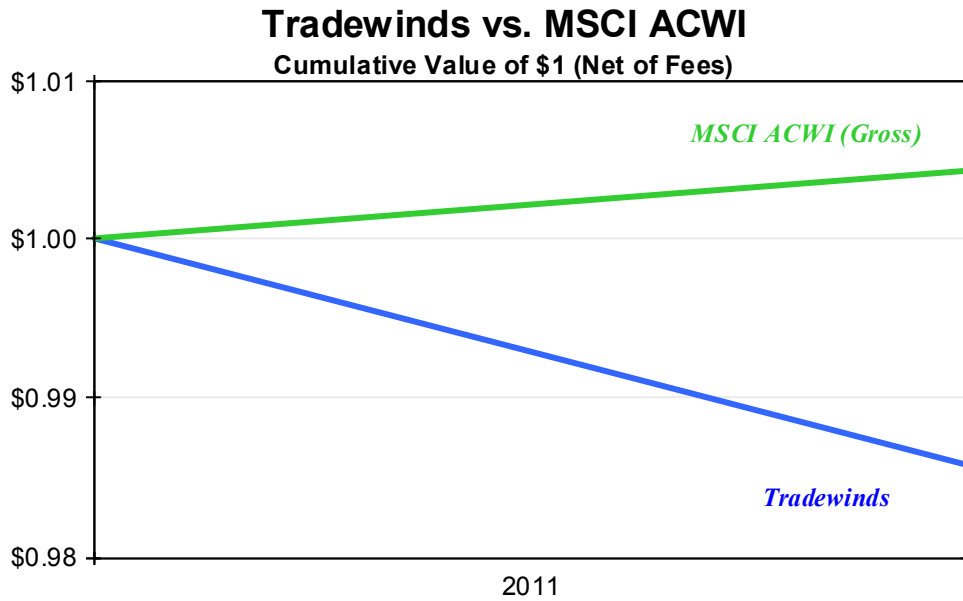
<b>Sector</b>	<b>First Eagle</b>	<b>MSCI ACWI</b>
Energy	6.2 %	11.9 %
Materials	9.4	9.1
Industrials	18.6	11.0
Cons. Discretionary	12.5	10.1
Consumer Staples	8.8	9.5
Health Care	6.5	8.6
Financials	18.6	20.2
Info Technology	14.2	11.3
Telecom Services	1.3	4.6
Utilities	3.8	3.8

The First Eagle portfolio returned 2.0% in the second quarter. This return was well above the MSCI ACWI Index return of 0.4% and ranked in the 17<sup>th</sup> percentile of global equity managers.

The portfolio's largest economic sector over-weights were in the industrials, information technology and consumer discretionary sectors, while largest under-weights were in the in energy, telecom and health care sectors. Stock selection decisions were strong while sector allocation and active trading decisions had much smaller impacts on overall results. Stock selection within the industrials sector was particularly strong.

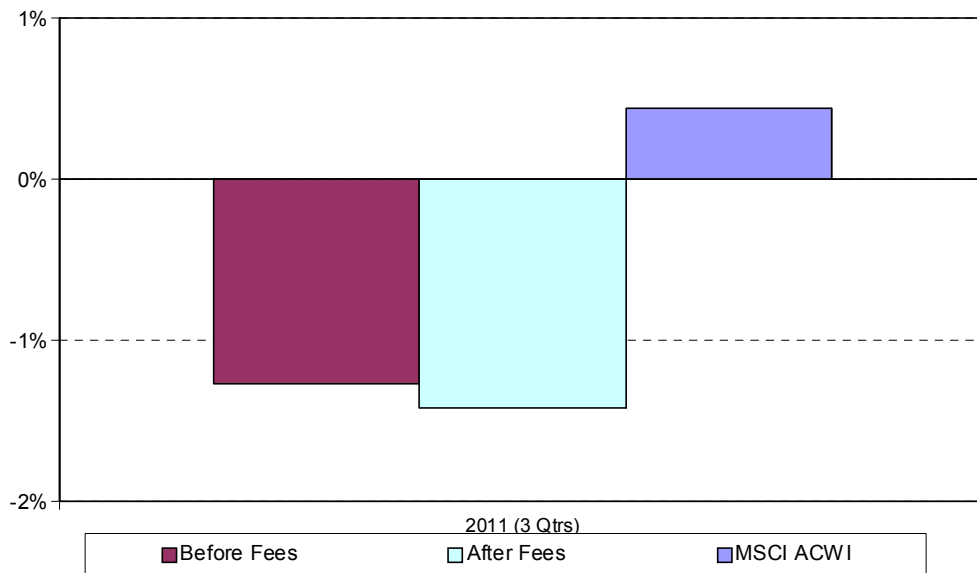
# MANAGER COMMENTS – GLOBAL EQUITY

## Tradewinds

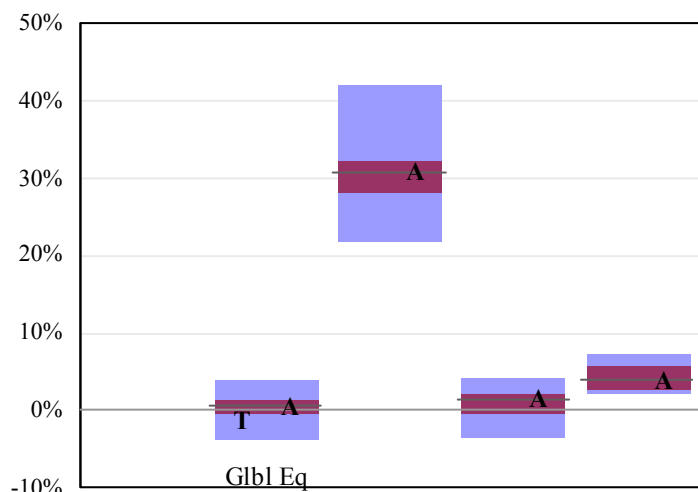


### Tradewinds vs. MSCI ACWI (Gross)

Year by Year Performance



## Tradewinds



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Tradewinds (T)	-1.3	-	-	-
Rank v. Glbl Equity	82	-	-	-
MSCI ACWI (A)	0.4	30.8	1.5	3.7
Glbl Eq Median	0.6	30.8	1.4	4.1

<u>Portfolio Characteristics</u>	<u>Tradewinds</u>	<u>MSCI ACWI</u>
Mkt Value (\$Mil)	121.22	N/A
Cash (%)	0.0 %	0.0 %

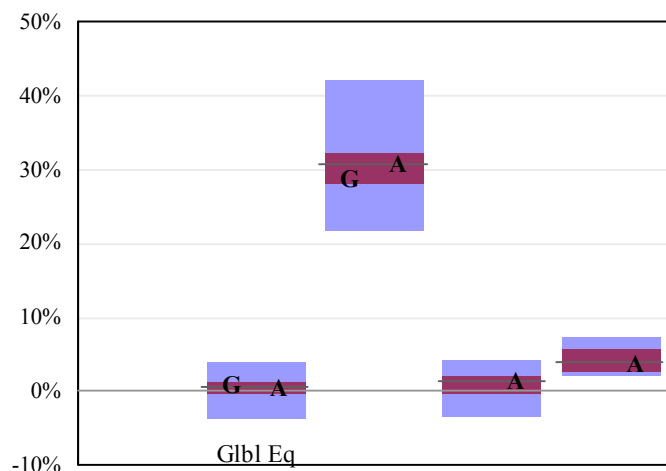
<u>Sector</u>	<u>Tradewinds</u>	<u>MSCI ACWI</u>
Energy	9.5 %	11.9 %
Materials	10.3	9.1
Industrials	10.1	11.0
Cons. Discretionary	13.4	10.1
Consumer Staples	6.9	9.5
Health Care	11.6	8.6
Financials	17.4	20.2
Info Technology	11.6	11.3
Telecom Services	3.6	4.6
Utilities	5.5	3.8

The Tradewinds portfolio returned -1.3% in its first full quarter. This lagged the MSCI ACWI Index return of 0.4% and ranked in the 82<sup>nd</sup> percentile of global equity managers.

The portfolio's largest economic sector over-weights were in the consumer discretionary, health care and utilities sectors, while largest under-weights were in the in financials, consumer staples and energy sectors. Stock selection decisions were weak while sector allocation and active trading decisions had much smaller impacts on overall results. Stock selection within the materials sector was particularly weak.

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## Total Global Equity



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Global Equity (G)	0.9	28.8	-	-
Rank v. Gbl Equity	30	73	-	-
MSCI ACWI (A)	0.4	30.8	1.5	3.7
Gbl Eq Median	0.6	30.8	1.4	4.1

<b>Portfolio Characteristics</b>	<b>Global Equity</b>	<b>MSCI ACWI</b>
Mkt Value (\$Mil)	504.64	N/A
Cash (%)	2.8 %	0.0 %

<b>Sector</b>	<b>Global Equity</b>	<b>MSCI ACWI</b>
Energy	9.3 %	11.9 %
Materials	12.2	9.1
Industrials	13.4	11.0
Cons. Discretionary	11.0	10.1
Consumer Staples	6.5	9.5
Health Care	9.5	8.6
Financials	16.1	20.2
Info Technology	10.8	11.3
Telecom Services	4.3	4.6
Utilities	6.8	3.8

The Global Equity composite returned 0.9% in the second quarter, exceeding the 0.4% return of the MSCI ACWI benchmark, and ranked in the 30<sup>th</sup> percentile of global equity managers. Over the past year, the composite has returned 28.8%, trailing the 30.8% return of the MSCI ACWI benchmark, and ranked in the 73<sup>rd</sup> percentile.

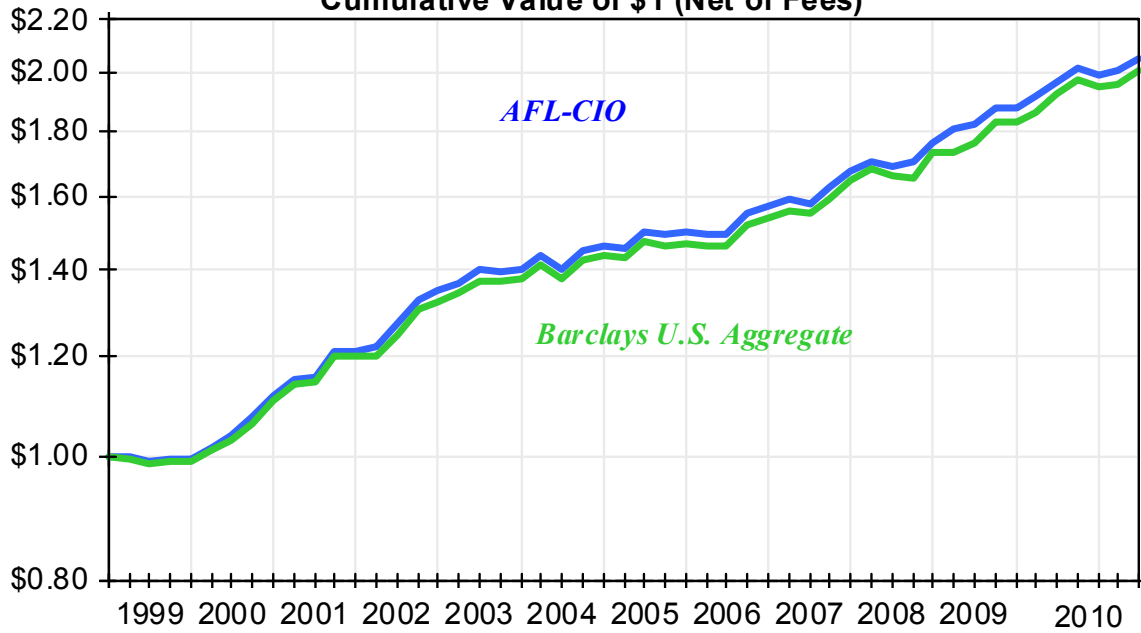
The portfolio's largest economic sector over-weights were in the materials, industrials and utilities sectors, while largest under-weights were in the in financials, consumer staples and energy sectors. Stock selection decisions were nearly neutral while sector allocation and active trading decisions had much positive impacts on overall results.

MANAGER COMMENTS – FIXED INCOME

AFL-CIO Housing Investment Trust

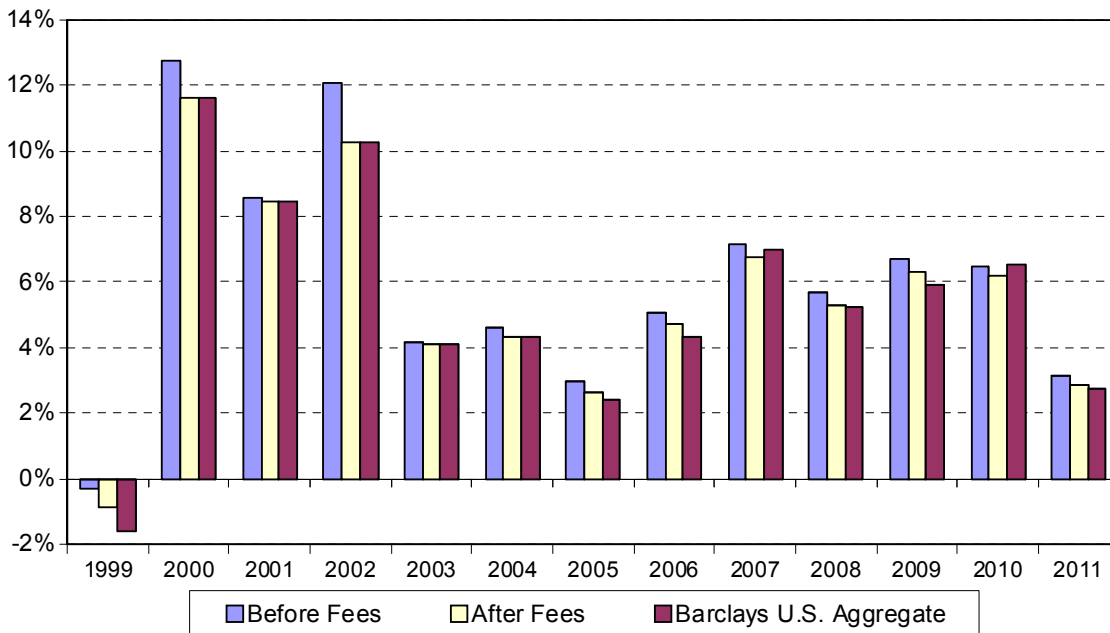
**AFL-CIO vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)



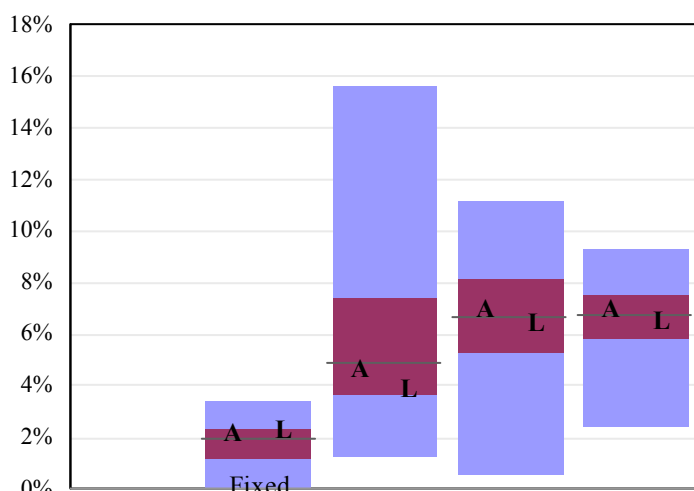
**AFL-CIO vs. Barclays U.S. Aggregate**

Year by Year Performance





## AFL-CIO Housing Investment Trust



	Qtr	1 Year	3 Years	5 Years
AFL-CIO (A)	2.2	4.7	7.0	7.0
Rank v. Fixed	35	52	44	41
BC Agg (L)	2.3	3.9	6.5	6.5
Fixed Median	2.0	4.9	6.7	6.8

Portfolio Characteristics	AFL CIO	Barclays Aggregate
Mkt Value (\$Mil)	174.0	n/a
Yield to Maturity (%)	4.4 %	2.8 %
Duration (yrs)	4.9	5.2
Avg. Quality	AGY	AA1/AA2

Sectors	AFL CIO	Barclays Aggregate
Treasury/Agency	4 %	44 %
Single-Family MBS	26	33
Multi-Family MBS	66	0
Corporates	0	20
High Yield	0	0
ABS/CMBS	1	3
Other	0	0
Cash	4	0

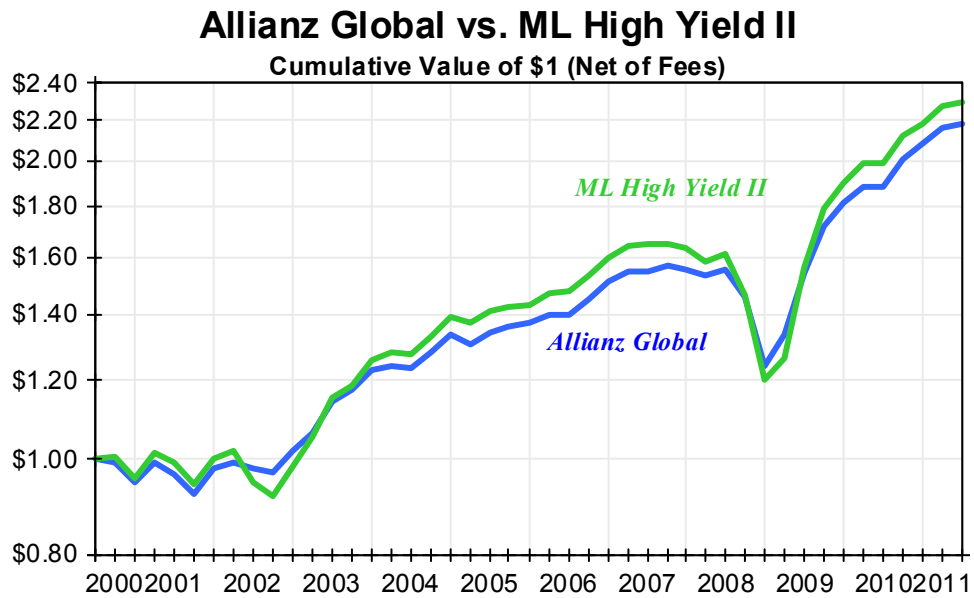
The AFL-CIO Housing Investment Trust (HIT) returned 2.2% in the second quarter, slightly trailing the 2.3% return of the Barclays U.S. Aggregate. The portfolio ranked in the 35<sup>th</sup> percentile of fixed income managers. For the past year, AFL-CIO returned 4.7%, which exceeded the return of the Barclays U.S. Aggregate but ranked in the 52<sup>nd</sup> percentile. Over the past three and five years, AFL-CIO has exceeded the Barclays U.S. Aggregate and the median, meeting performance objectives.

At the end of the second quarter, the AFL-CIO Housing Investment Trust had 4% in US Treasury notes, 26% allocated to single-family mortgage backed securities, 66% allocated to multi-family mortgage backed securities, 1% to private-label CMBS and 4% to short-term securities. The AFL-CIO portfolio duration at the end of the second quarter was 4.9 years and the yield of the portfolio was 4.4%.

The HIT's second quarter results were helped by the portfolio's persistent yield advantage over the Barclays Aggregate Index, an overweight to higher quality assets and weak performance among corporate bonds. The structural overweight to spread assets hurt performance in the second quarter, as did the shorter duration.

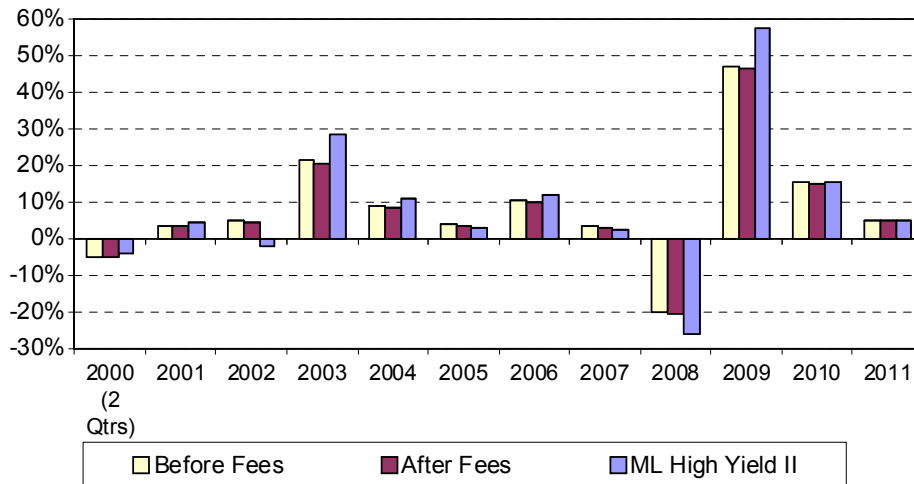
# MANAGER COMMENTS – FIXED INCOME

## Allianz Global Investors

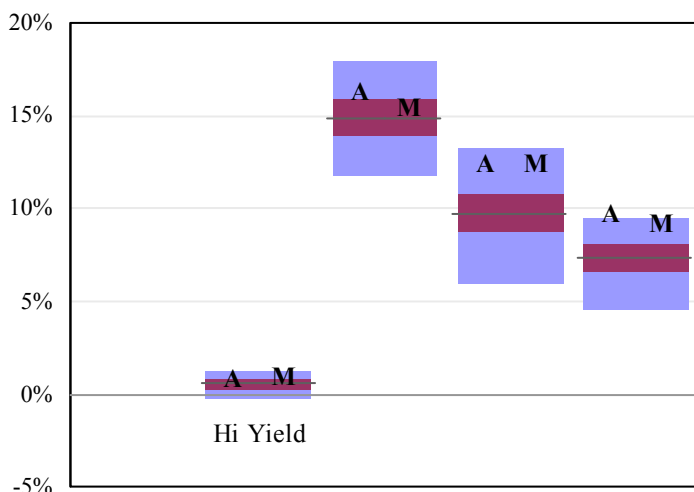


### Allianz Global vs. ML High Yield II

Year by Year Performance



## Allianz Global Investors



Portfolio Characteristics	Allianz Global	ML High Yield II
Mkt Value (\$Mil)	153.8	n/a
Yield to Maturity (%)	7.8 %	7.4 %
Duration (yrs)	4.2	4.5
Avg. Quality	B1	B1

Quality Distribution	Allianz Global	ML High Yield II
A	0 %	0 %
BBB	2	0
BB	19	46
B	69	39
CCC	8	15

	Qtr	1 Year	3 Years	5 Years
Allianz Gblb (A)	0.9	16.3	12.5	9.7
Rank v. Hi Yield	26	18	6	3
ML HY II (M)	1.0	15.4	12.4	9.2
ML BB/B (B)	1.1	14.7	10.5	8.3
Hi Yield Median	0.6	14.9	9.7	7.4

Allianz Global's high yield fixed income portfolio returned 0.9% for the second quarter, which nearly matched the 1.0% return of the Merrill Lynch High Yield II Index, and ranked in the 26<sup>th</sup> percentile of high yield managers. Allianz Global returned 16.3% over the past year compared to 15.4% for the ML High Yield II Index and 14.9% for the median. For the five-year period, Allianz Global's return of 9.7% was better than the 9.2% return of the ML High Yield II Index and ranked in the 3<sup>rd</sup> percentile.

As of June 30, 2011, the Allianz Global high yield portfolio was allocated 2% to BBB rated securities compared to 0% for the ML High Yield II Index, 19% to BB rated issues to 46% for the Index, 69% to B rated issues to 39% in the Index and 8% to CCC rated securities compared to 15% for the Index. The portfolio's June 30, 2011 duration was 4.2 years, shorter than the 4.5 year duration of the ML High Yield II Index.

The portfolio's underweight to long duration, low spread issues did not help in the quarter because of the Treasury rally. Industry allocations that hurt relative performance in the quarter included paper, homebuilders/real estate and telecommunications. New buys in the portfolio included Chrysler Group, Jaguar Land Rover, Taseko Mines, Thompson Creek Metals and Earthlink. Several issues exited the portfolio due to corporate actions, such as calls or tenders. Additionally, sales continued to be concentrated among issuers that appreciated in price to levels no longer attractive on a relative value basis.

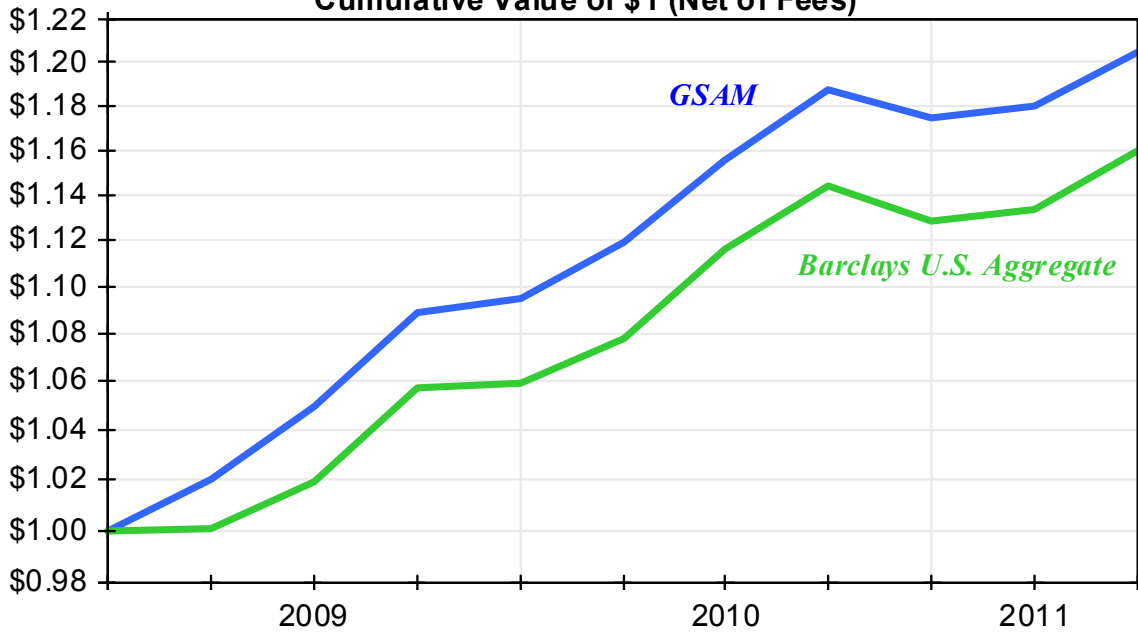
Allianz feels that the outlook for the high yield market remains positive. Spreads did widen in the quarter, but did not change the outlook. Spreads ended the quarter at approximately 542 over comparable Treasuries. The historical average spread remains inside of this level.

**MANAGER COMMENTS – FIXED INCOME**

**Goldman Sachs – Core Plus**

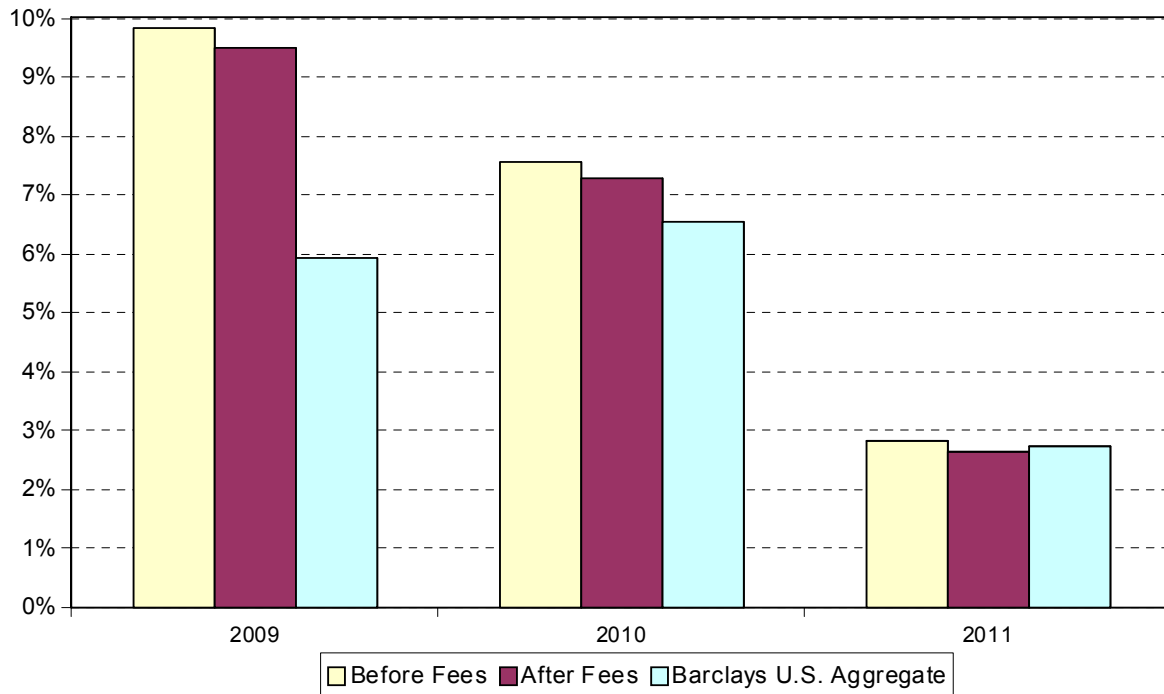
**GSAM vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

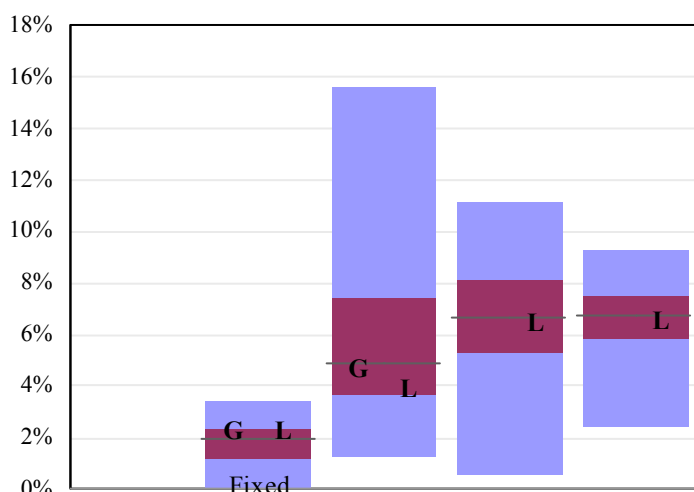


**GSAM vs. Barclays U.S. Aggregate**

Year by Year Performance



## Goldman Sachs – Core Plus



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
GSAM (G)	2.3	4.7	-	-
Rank v. Fixed	29	53	-	-
BC Agg (L)	2.3	3.9	6.5	6.5
BC Uni (U)	2.2	4.8	6.7	6.6
Fixed Median	2.0	4.9	6.7	6.8

Portfolio Characteristics	Goldman Sachs	Barclays Aggregate
Mkt Value (\$Mil)	272.0	n/a
Yield to Maturity (%)	3.3 %	2.8 %
Duration (yrs)	4.4	5.2
Avg. Quality	AA+	AA1/AA2

Sectors	Goldman Sachs	Barclays Aggregate
Treasury/Agency	19 %	44 %
Mortgages	38	33
Corporates	17	20
High Yield	3	0
Asset-Backed	8	3
CMBS	4	0
International	0	0
Emerging Markets	5	0
Other	4	0
Cash	2	0

The Goldman Sachs core plus portfolio returned 2.3% in the second quarter, matching the 2.3% return of the Barclays U.S. Aggregate Index, and ranked in the 29<sup>th</sup> percentile of fixed income managers. Over the past year, GSAM returned 4.7%, above the 3.9% return of the Barclays U.S. Aggregate Index, but ranked in the 53<sup>rd</sup> percentile.

At the end of the second quarter, Goldman Sachs was overweight relative to the Barclays U.S. Aggregate in MBS and the non-index sectors, including high yield and emerging market debt. Goldman Sachs was underweight in the government and investment-grade corporate debt sectors. The duration of the Goldman fixed income portfolio at the end of the second quarter was 4.4 years, which was shorter than the benchmark and significantly shorter than the prior quarter. The portfolio continues to have a small yield advantage over the index.

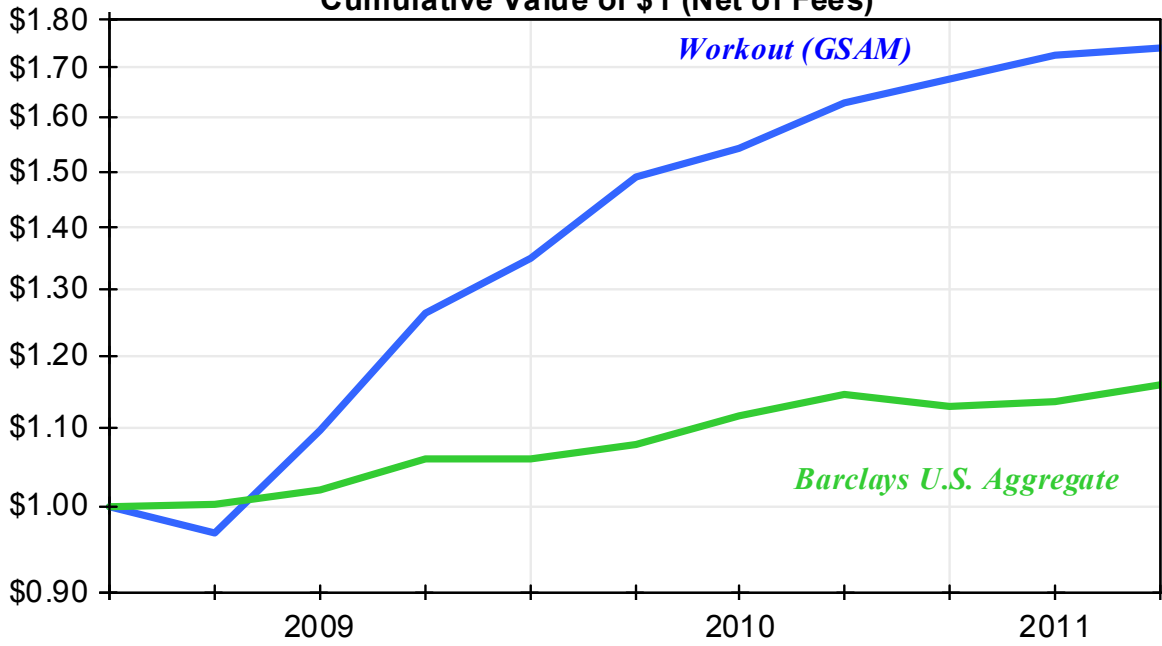
The portfolio's shorter duration and yield curve positioning detracted from excess returns over the quarter. In a reversal from the first quarter, cross-sector positioning detracted from returns (specifically the overweight to non-Agency mortgages and corporate credit). Non-Agency mortgages came under pressure as the Federal Reserve Bank of New York began to sell its Maiden Lane II holdings (legacy AIG assets).

**MANAGER COMMENTS – FIXED INCOME**

**Workout Portfolio - Managed by Goldman Sachs**

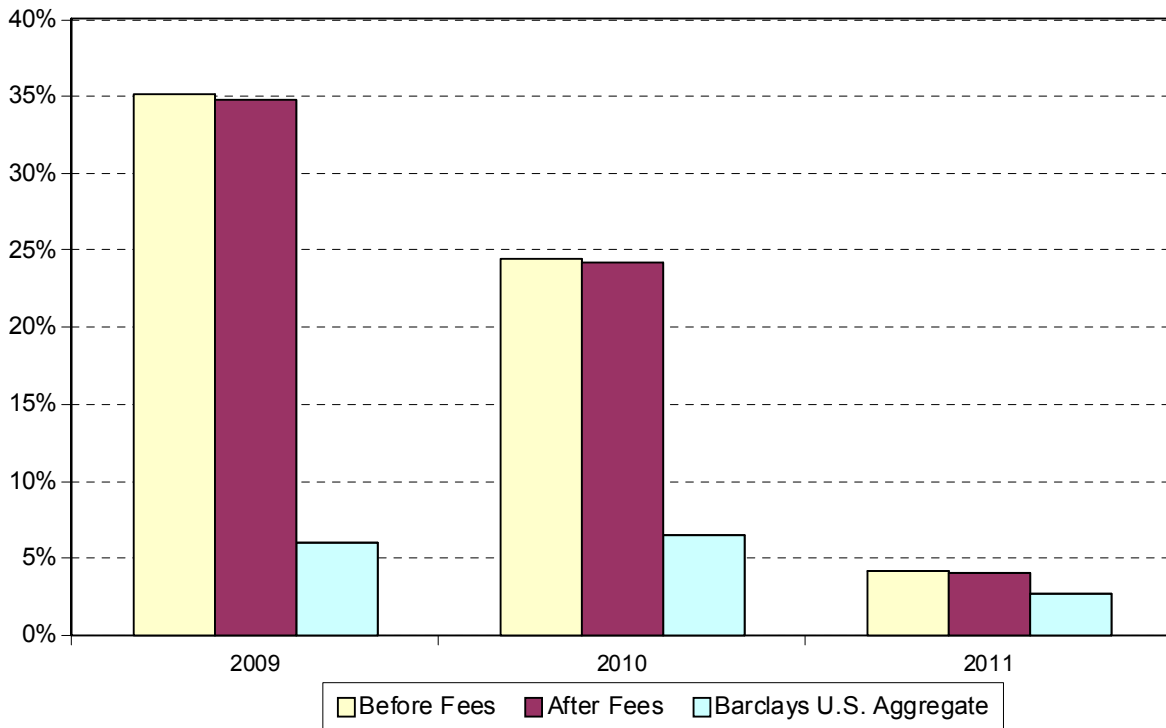
**Workout vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

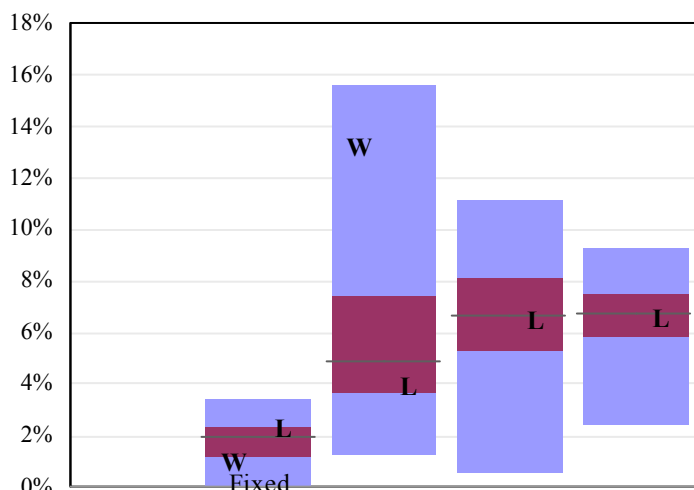


**Workout vs. Barclays U.S. Aggregate**

Year by Year Performance



## Workout Portfolio – Managed by Goldman Sachs



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Workout (W)	1.0	13.2	-	-
Rank v. Fixed	78	10	-	-
BC Agg (L)	2.3	3.9	6.5	6.5
BC Uni (U)	2.2	4.8	6.7	6.6
Fixed Median	2.0	4.9	6.7	6.8

Portfolio Characteristics	Workout (GSAM)	Barclays Aggregate
Mkt Value (\$Mil)	22.5	n/a
Yield to Maturity (%)	3.7 %	2.8 %
Duration (yrs)	1.2	5.2
Avg. Quality	AA-	AA1/AA2

Sectors	Workout (GSAM)	Barclays Aggregate
Treasury/Agency	0 %	44 %
Mortgages	46	33
Corporates	15	20
High Yield	0	0
Asset-Backed	0	3
CMBS	0	0
International	0	0
Emerging Markets	0	0
Other	22	0
Cash	17	0

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

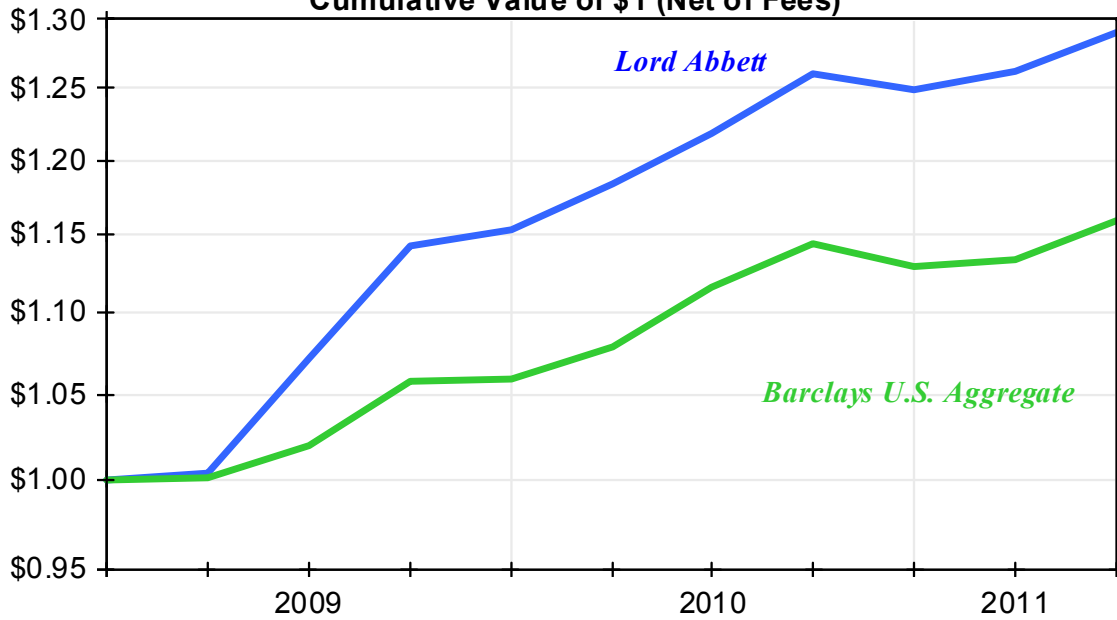
During the second quarter, this legacy portfolio returned 1.0%, trailing the Barclays U.S. Aggregate return of 2.3%, and ranked in the 78<sup>th</sup> percentile of fixed income managers. Over the past year, the portfolio has returned 13.2%, far above the 3.9% return of the index, and ranked in the 10<sup>th</sup> percentile.

**MANAGER COMMENTS – FIXED INCOME**

**Lord Abbett**

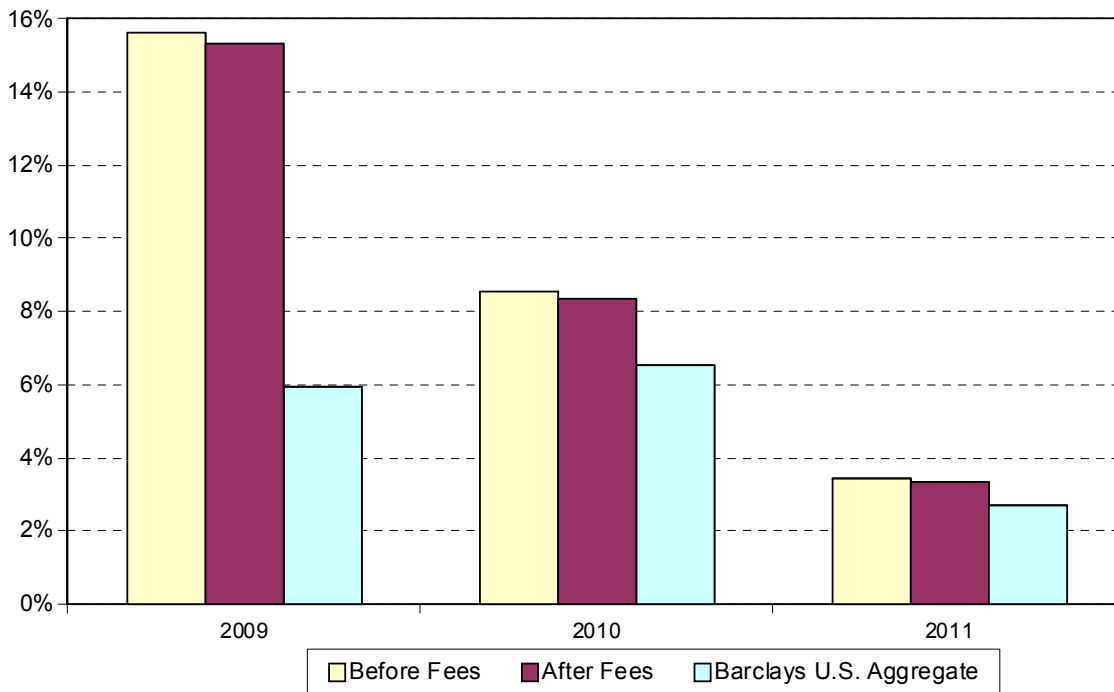
**Lord Abbett vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)



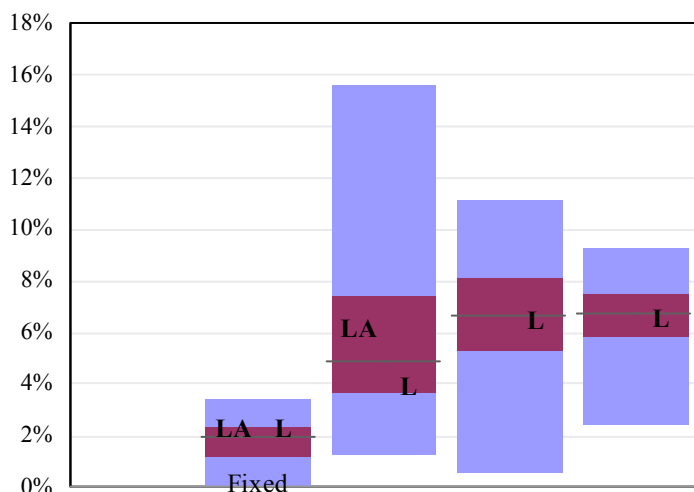
**Lord Abbett vs. Barclays U.S. Aggregate**

Year by Year Performance





## Lord Abbett



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Lord Abbett (LA)	2.3	6.2	-	-
Rank v. Fixed	25	33	-	-
BC Agg (L)	2.3	3.9	6.5	6.5
BC Uni (U)	2.2	4.8	6.7	6.6
Fixed Median	2.0	4.9	6.7	6.8

Portfolio Characteristics	Lord Abbett	Barclays Aggregate
Mkt Value (\$Mil)	271.3	n/a
Yield to Maturity (%)	4.6 %	2.8 %
Duration (yrs)	5.0	5.2
Avg. Quality	AA	AA1/AA2

Sectors	Lord Abbett	Barclays Aggregate
Treasury/Agency	24 %	44 %
Mortgages	23	33
Corporates	21	20
High Yield	10	0
Asset-Backed	11	3
CMBS	12	0
International	4	0
Emerging Markets	0	0
Other	3	0
Cash	-6	0

During the second quarter, Lord Abbett returned 2.3%, matching 2.3% return of the Barclays U.S. Aggregate, and ranked in the 25<sup>th</sup> percentile of fixed income managers. Over the past year, the portfolio has returned 6.2%, well above the Barclays U.S. Aggregate return of 3.9%, and ranked in the 33<sup>rd</sup> percentile.

At the end of the second quarter, Lord Abbett was overweight relative to the Barclays U.S. Aggregate in the high yield, ABS and CMBS sectors. Lord Abbett was underweight in the US government and mortgage sectors. The duration of the fixed income portfolio at the end of the second quarter was 5.0 years, slightly shorter than the benchmark. The portfolio has a significant yield advantage over the index, due primarily to the CMBS overweight in the portfolio.

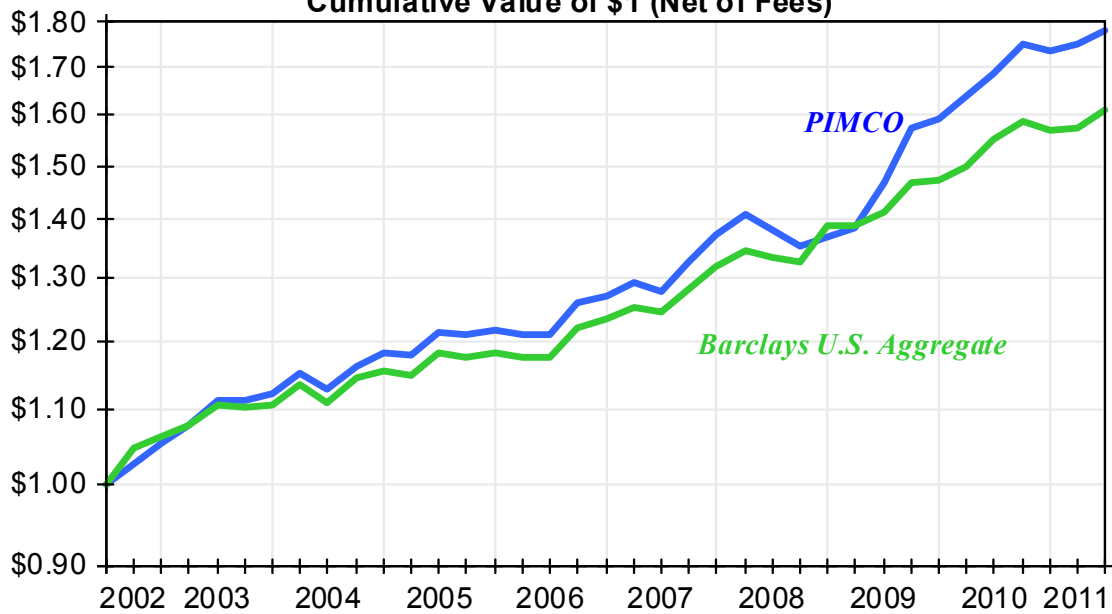
The portfolio's overweight to spread sectors proved to be a headwind among this quarter's flight to quality. However, the portfolio benefited from exposure to muni bonds, an overweight to asset-backed securities (ABS) and security selection within the high yield portion of the index.

**MANAGER COMMENTS – FIXED INCOME**

**PIMCO Core Plus**

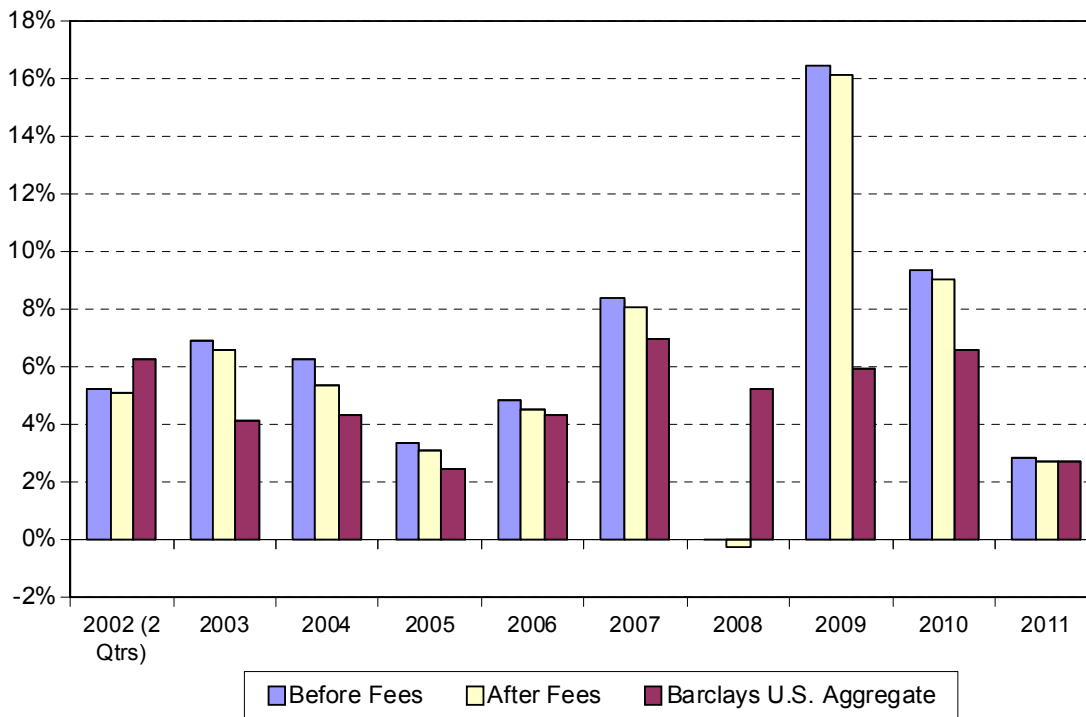
**PIMCO vs. Barclays U.S. Aggregate**

Cumulative Value of \$1 (Net of Fees)

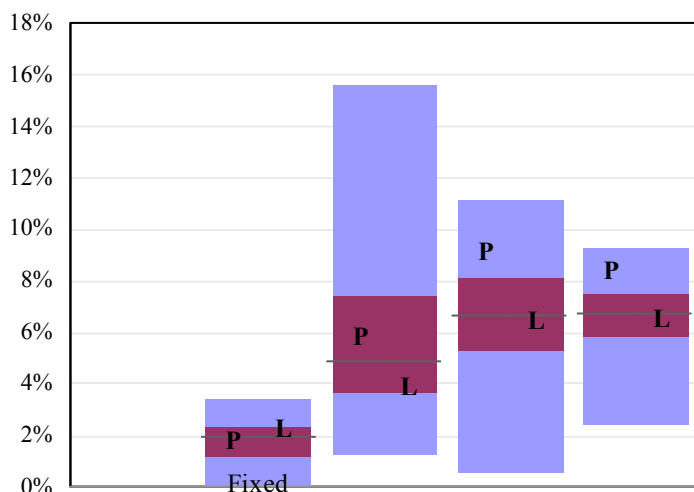


**PIMCO vs. Barclays U.S. Aggregate**

Year by Year Performance



## PIMCO Core Plus



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
PIMCO (P)	1.9	5.9	9.1	8.4
Rank v. Fixed	59	38	17	13
BC Agg (L)	2.3	3.9	6.5	6.5
BC Uni (U)	2.2	4.8	6.7	6.6
Fixed Median	2.0	4.9	6.7	6.8

Portfolio Characteristics	PIMCO	Barclays Aggregate
Mkt Value (\$Mil)	358.3	n/a
Yield to Maturity (%)	4.0 %	2.8 %
Duration (yrs)	4.2	5.2
Avg. Quality	AA-	AA1/AA2

Sectors	PIMCO	Barclays Aggregate
Treasury/Agency	25 %	44 %
Mortgages	25	33
Corporates	17	20
High Yield	2	0
Asset-Backed	0	3
CMBS	0	0
International	7	0
Emerging Markets	3	0
Other	1	0
Cash	20	0

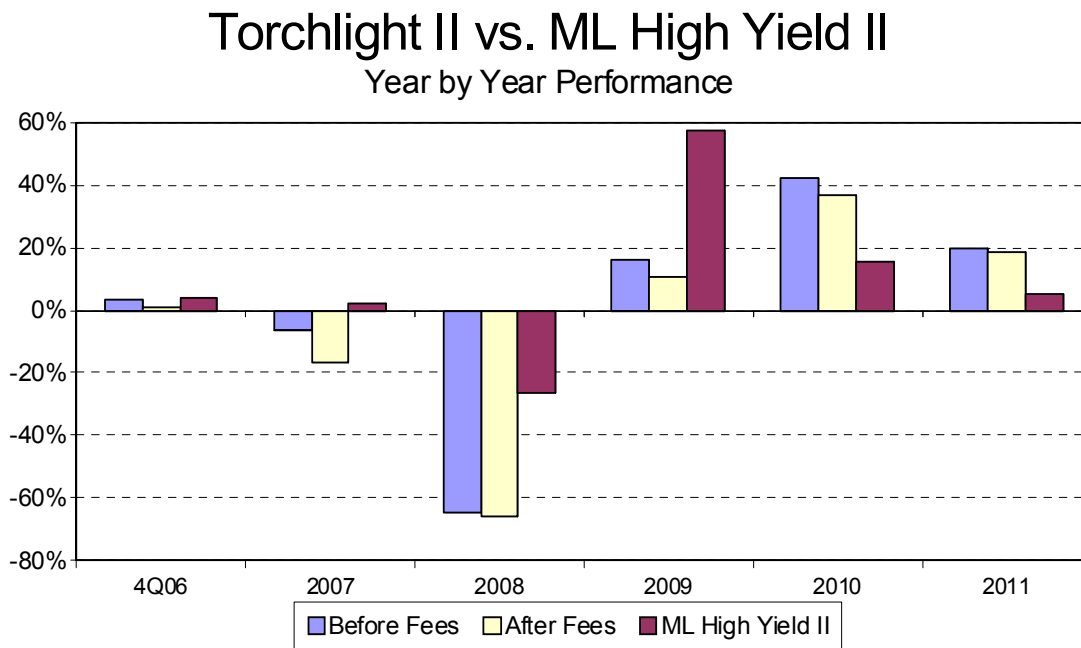
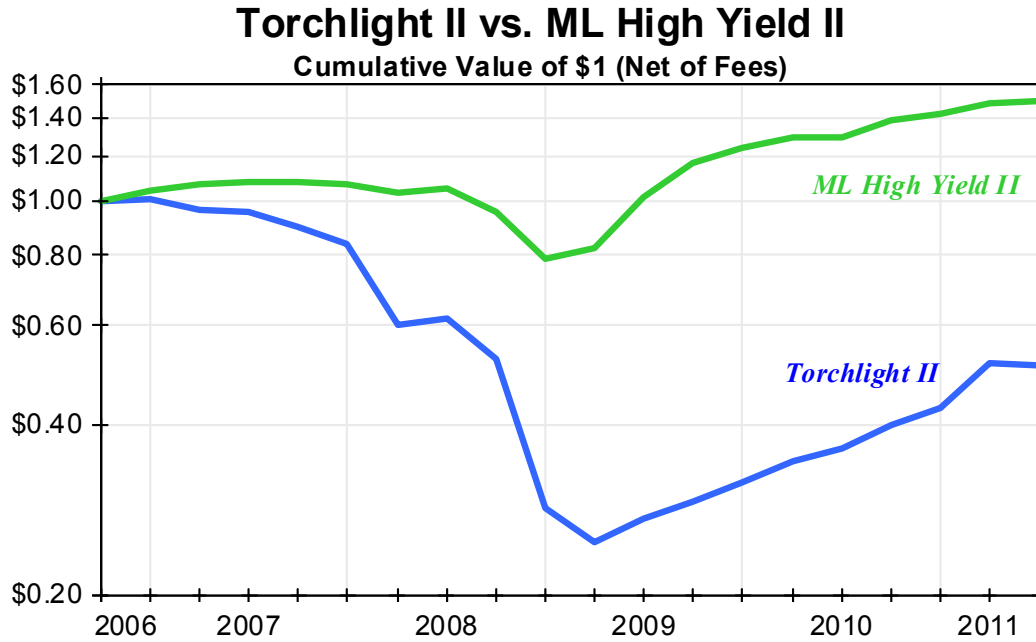
PIMCO's return of 1.9% for the second quarter lagged the 2.3% return of the Barclays U.S. Aggregate and ranked in the 59<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, PIMCO's return of 5.9% was better than the 3.9% return of the Barclays U.S. Aggregate and ranked in the 38<sup>th</sup> percentile. Over the past five years, the portfolio has returned 8.4%, better than the Barclays U.S. Aggregate return of 6.5%, and ranked in the 13<sup>th</sup> percentile.

At the end of the second quarter, PIMCO continues to hold underweight positions in government, investment-grade corporate and mortgage issues. PIMCO holds overweight positions in non-index sectors, including non-US sovereign debt, emerging markets and high yield. The duration of the PIMCO fixed income portfolio at the end of the second quarter was 4.2 years, significantly shorter than the benchmark. The portfolio continues to have a yield advantage over the index.

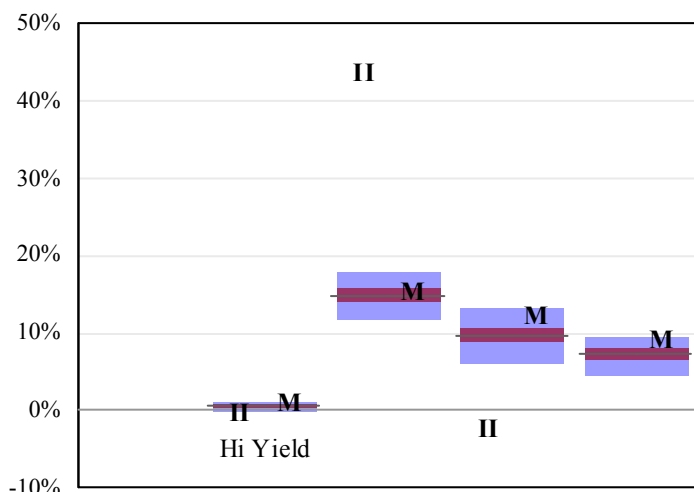
PIMCO's performance was helped by several strategies: exposure to non-U.S. developed markets, a focus on shorter maturities, an emerging markets overweight and exposure to Build America Bonds. Strategies that negatively impacted second quarter performance included an underweight to U.S. duration, an overweight to financial bonds, an underweight to Agency MBS and exposure to non-Agency mortgages.

**MANAGER COMMENTS – FIXED INCOME**

**Torchlight II**



## Torchlight II



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Torchlight II (II)	-0.3	43.7	-2.3	-
Rank v. Hi Yield	95	1	98	-
ML HY II (M)	1.0	15.4	12.4	9.2
Hi Yield Median	0.6	14.9	9.7	7.4

Portfolio Characteristics	Torchlight II	ML High Yield II
Mkt Value (\$Mil)	51.3	n/a
Yield to Maturity (%)	30.8 %	7.4 %
Duration (yrs)	5.9	4.5
Avg. Quality	A-	B1

Quality Distribution	Torchlight II	ML High Yield II
AAA	42 %	0 %
AA	8	0
A	14	0
BBB	20	0
BB	0	46
B	10	39
CCC	0	15
Not Rated	0	0
Other	6	0

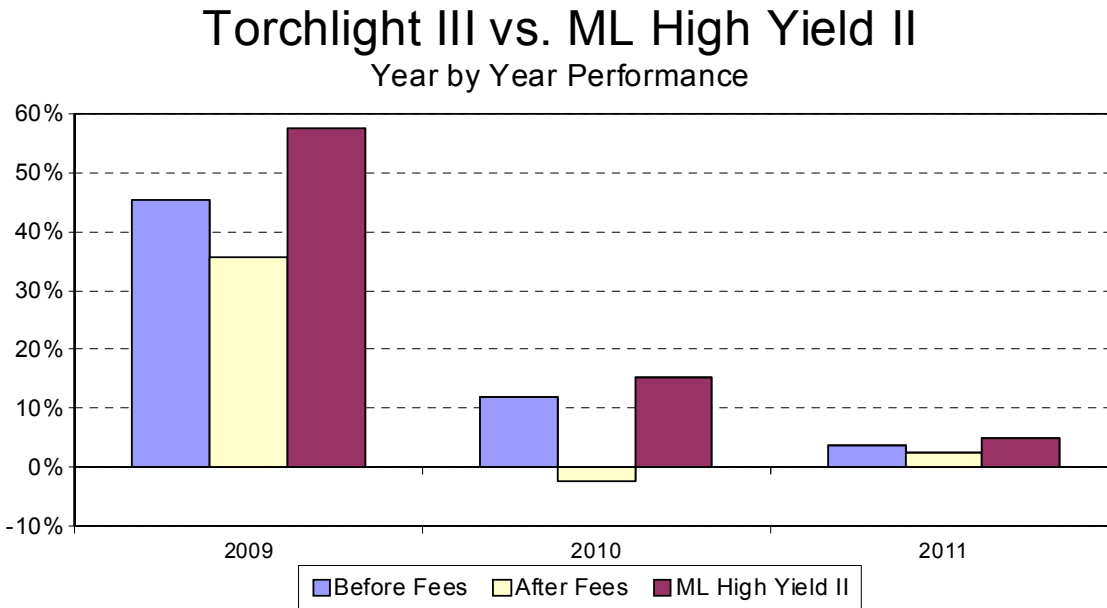
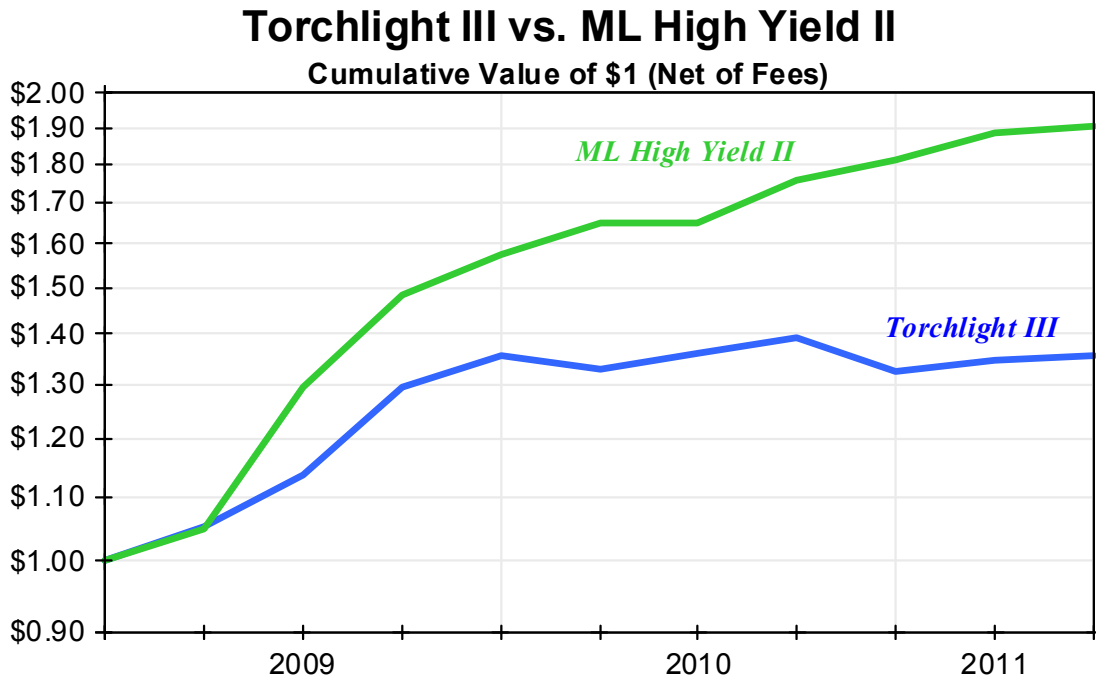
Torchlight II returned -0.3% for the second quarter. This return was below the Merrill Lynch High Yield Master II return of 1.0% and ranked in the 95<sup>th</sup> percentile in the universe of high yield portfolios. Over the past three years, the fund has returned -2.3%, well below the index return of 12.4%, and ranked in the 98<sup>th</sup> percentile. The time-weighted results thus far look poor.

Fund II has called all capital commitments and made investments in 41 deals with an amortized cost of \$568.7 million. Fund II has a current NAV of \$293.3 mm and has made \$131.2 mm in distributions since inception. Some of the lower-rated positions in the portfolio have experienced further credit deterioration. Bonds in 14 deals (accounting for 28.4% of committed capital) have ceased to cashflow. In addition, three deals are experiencing partial interest shortfalls.

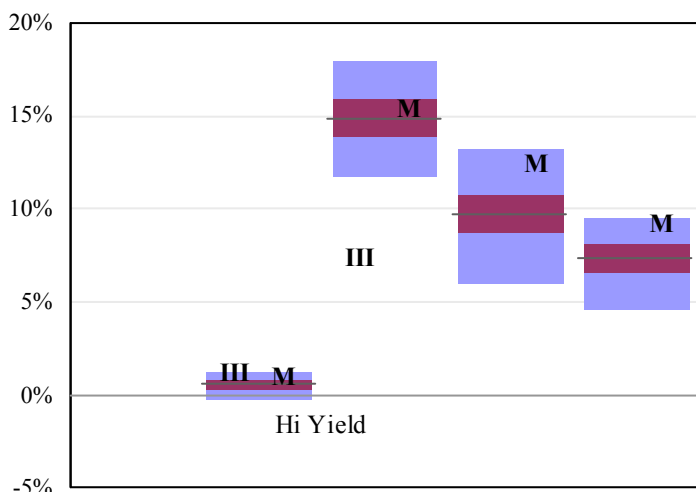
The portfolio consists of 68.7% investment grade CMBS, 16.1% non-investment grade CMBS, 12.9% mezzanine loans and B-notes and 2.3% CRE CDO bonds (based on acquisition value).

MANAGER COMMENTS – FIXED INCOME

Torchlight III



## Torchlight III



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Torchlight III (III)	1.2	7.4	-	-
Rank v. Hi Yield	5	99	-	-
ML HY II (M)	1.0	15.4	12.4	9.2
Hi Yield Median	0.6	14.9	9.7	7.4

Portfolio Characteristics	Torchlight III	ML High Yield II
Mkt Value (\$Mil)	73.5	n/a
Yield to Maturity (%)	28.1 %	7.4 %
Duration (yrs)	2.4	4.5
Avg. Quality	BBB-	B1

Quality Distribution	Torchlight III	ML High Yield II
AAA	36 %	0 %
AA	1	0
A	7	0
BBB	24	0
BB	5	46
B	11	39
CCC	0	15
Not Rated	17	0
Cash	0	0

In the second quarter, Fund III returned 1.2%, trailing the 1.0% return of the Merrill Lynch High Yield II Index. This return ranked in the 5<sup>th</sup> percentile of high yield managers. Over the past year, the fund has returned 7.4%, trailing the index return of 15.4% and ranked in the 99<sup>th</sup> percentile.

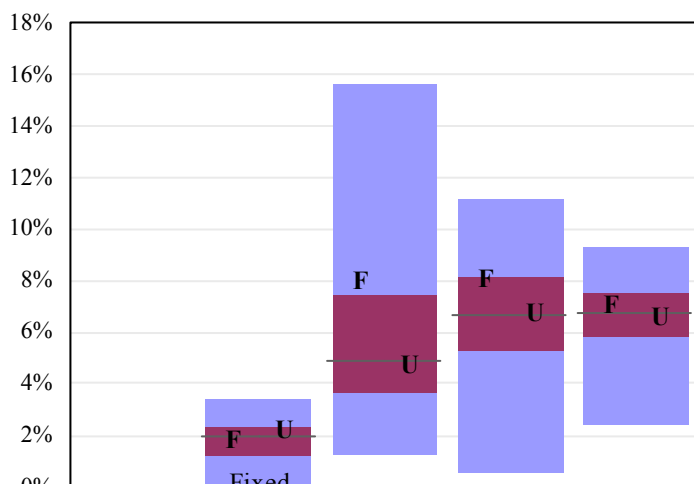
As of June 30, 2011, Fund III has called down 93.4% of committed capital and acquired a portfolio of 67 investments with an amortized cost of \$675.9 million. The breakdown of the current investments is 9.6% Super Senior CMBS, 21.2% interest-only CMBS, 13.6% securitized loans and mezzanine CMBS, 36.8% credit CMBS, 17.8% CDOs and 1.0% in commercial real estate municipal bonds (based on acquisition values). Since inception, the fund has generated \$40 million in investment gains through June 30, 2011.

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## MANAGER COMMENTS – FIXED INCOME

### Total Domestic Fixed Income



	<u>Qtr</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
Total Fixed (F)	1.8	8.0	8.1	7.1
Rank v. Fixed	60	21	26	36
BC Uni (U)	2.2	4.8	6.7	6.6
BC Agg (L)	2.3	3.9	6.5	6.5
Fixed Median	2.0	4.9	6.7	6.8

<b>Portfolio Characteristics</b>	<b>Total Fixed</b>	<b>Barclays Universal</b>
Mkt Value (\$Mil)	1,376.7	n/a
Yield to Maturity (%)	6.7 %	3.2 %
Duration (yrs)	4.4	5.1
Avg. Quality	AA	AA

<b>Sectors</b>	<b>Total Fixed</b>	<b>Barclays Universal</b>
Treasury/Agency	16 %	42 %
Mortgages	31	31
Corporates	12	26
High Yield	16	0
Asset-Backed	4	0
CMBS	11	0
International	3	0
Emerging Markets	2	0
Other	2	0
Cash	5	0

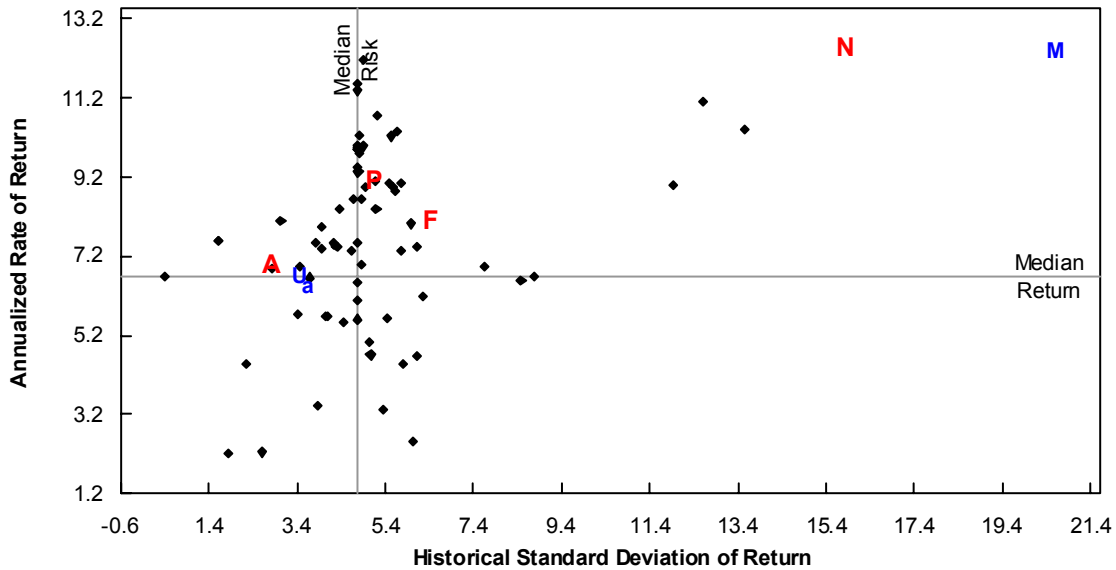
CCCERA total fixed income returned 1.8% in the second quarter, which lagged the 2.2% return of the Barclays Universal and the 2.3% return of the Barclays U.S. Aggregate, ranking in the 60<sup>th</sup> percentile in the universe of fixed income managers. For the one-year period, CCCERA's total fixed income returned 8.0%, better than the 4.8% return of the Barclays Universal and the 3.9% return of the Barclays U.S. Aggregate. The CCCERA total fixed income returns exceeded the Barclays Universal Index and the median fixed income manager over the past three and five-year periods.

At the end of the second quarter, the aggregate fixed income position was underweight relative to the Barclays Universal in the US government and investment grade corporate debt sectors. These underweight positions were primarily offset by larger positions in high yield and CMBS debt. The duration of the total fixed income portfolio at the end of the second quarter was 4.4 years, shorter than the 5.1 year duration of the index.

## MANAGER COMMENTS – FIXED INCOME

### Domestic Fixed Income Performance and Variability

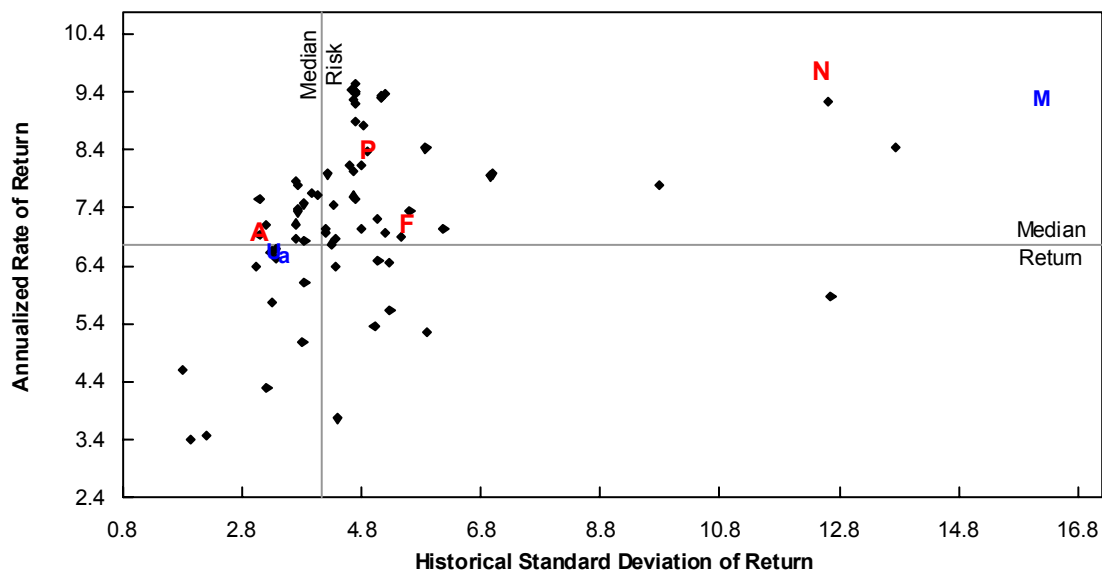
*Three Years Ending June 30, 2011*



Domestic Bond Managers	Annualized Return	Standard Deviation	Risk/Reward Ratio
AFL-CIO ( <b>A</b> )	7.0 %	2.9 %	2.30
Nicholas Applegate ( <b>N</b> )	12.5	15.9	0.76
PIMCO ( <b>P</b> )	9.1	5.2	1.68
Total Fixed ( <b>F</b> )	8.1	6.5	1.19
Barclays Aggregate ( <b>a</b> )	6.5	3.7	1.65
ML High Yield II ( <b>M</b> )	12.4	20.6	0.58
Barclays Universal ( <b>U</b> )	6.7	3.5	1.80
Median Bond Portfolio	6.7	4.8	1.31

## Domestic Fixed Income Performance and Variability

*Five Years Ending June 30, 2011*

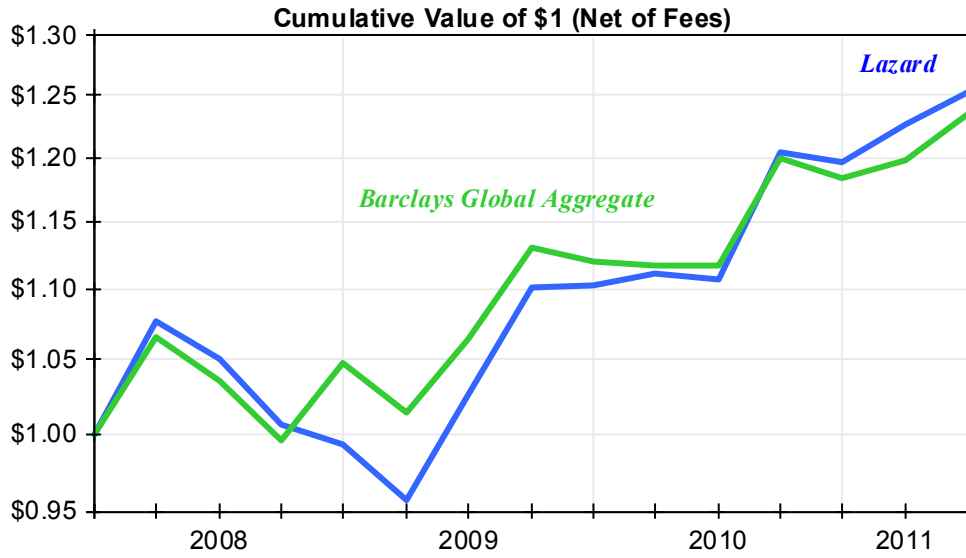


	<u>Annualized Return</u>	<u>Standard Deviation</u>	<u>Risk/Reward Ratio</u>
Domestic Bond Managers			
AFL-CIO ( <b>A</b> )	7.0 %	3.0 %	1.63
Nicholas Applegate ( <b>N</b> )	9.7	12.5	0.62
PIMCO ( <b>P</b> )	8.4	4.9	1.31
Total Fixed ( <b>F</b> )	7.1	5.5	0.92
Barclays Aggregate ( <b>a</b> )	6.5	3.5	1.31
ML High Yield II ( <b>M</b> )	9.2	16.2	0.45
Barclays Universal ( <b>U</b> )	6.6	3.3	1.40
Median Bond Portfolio	6.8	4.1	1.16

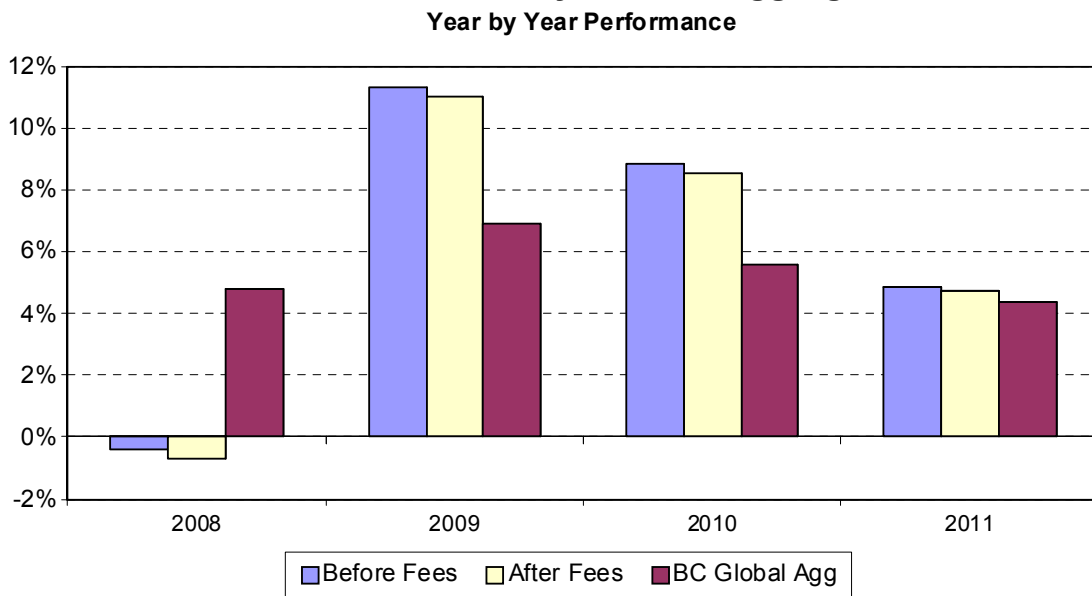
**MANAGER COMMENTS – GLOBAL FIXED INCOME**

**Lazard Asset Management**

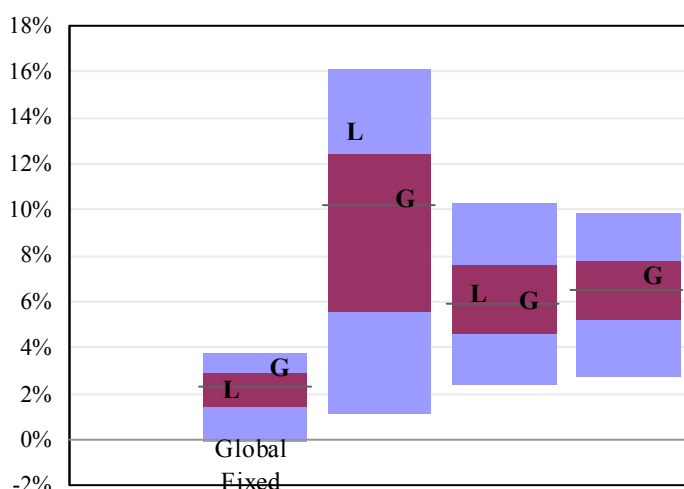
**Lazard vs. Barclays Global Aggregate**



**Lazard vs. Barclays Global Aggregate**



## Lazard Asset Management



	Qtr	1 Year	3 Years	5 Years
Lazard (L)	2.2	13.4	6.3	-
Rank v. Glob FI	57	14	44	-
BC Global (G)	3.1	10.5	6.0	7.1
GI Fixed Median	2.3	10.2	6.0	6.5

Portfolio Characteristics	Lazard Asset Mgmt	Barclays Global Aggregate
Mkt Value (\$Mil)	210.5	n/a
Yield to Maturity (%)	3.3 %	2.8 %
Duration (yrs)	5.3	5.8
Avg. Quality	AA-	AA

Sectors	Lazard Asset Mgmt	Barclays Global Aggregate
Treasury/Sovereign	37 %	53 %
Agency/Supranational	27	14
Sovereign External Debt	0	0
Corporate	19	16
High Yield	4	0
Emerging Markets	11	0
Mortgage	0	17
Other	4	0

Lazard Asset Management returned 2.2% in the second quarter. This return lagged the 3.1% return of the Barclays Global Aggregate Index and ranked in the 57<sup>th</sup> percentile in the universe of global fixed income managers. Over the past year, Lazard has returned 13.4%, better than the Barclays Global Aggregate return of 10.5% and ranking in the 14<sup>th</sup> percentile. Over the past three years, the portfolio has returned 6.3%, above the 6.0% return of the Barclays Global Aggregate index and ranking in the 44<sup>th</sup> percentile. Lazard is in compliance with CCCERA performance guidelines.

Lazard's portfolio was underweight to treasuries/sovereign and mortgage securities at the end of the quarter while remaining overweight to agency/supranational, emerging markets and other securities. The duration of the Lazard Asset Management portfolio at the end of the second quarter was 5.3 years, shorter than the index. The portfolio has a moderately higher yield than the index.

Strategies that helped relative results included country allocation decisions (overweight faster-growing economies and underweight to the U.S. peripheral Europe), yield curve positioning in the U.S., Canada, Australia, U.K. and Norway, and tactical currency exposure. Strategies that hurt relative performance included an underweight exposure to Japan and modest exposure to a 2-year maturity Greek bond.

## **MANAGER COMMENTS – REAL ESTATE**

### **Adelante Capital Management \$336,360,747**

Adelante Capital Management returned 3.7% for the second quarter, below the 3.9% return of the Dow Jones Wilshire REIT Index, and ranked in the 48<sup>th</sup> percentile of the REIT mutual fund universe. For the past year, Adelante returned 34.5%, below the REIT index return of 35.6% but ranked in the 30<sup>th</sup> percentile.

As of June 30, 2011, the portfolio consisted of 35 public REITs. Office properties comprised 15.3% of the underlying portfolio, apartments made up 19.3%, retail represented 21.0%, industrial was 5.3%, 7.3% was diversified/specialty, storage represented 6.5%, healthcare accounted for 9.7%, hotels accounted for 8.6%, manufactured homes made up 2.7% and 4.3% was cash.

### **BlackRock Realty \$261,438**

BlackRock Realty Apartment Value Fund III (AVF III) returned -1.2% in the second quarter. Over the one-year period, BlackRock has returned 0.8%. CCCERA has an 18.1% interest in the AVF III.

### **DLJ Real Estate Capital Partners II \$3,735,032**

DLJ Real Estate Capital Partners II (RECP II) reported a return of -2.1% in the quarter ending March 31, 2011. Over the one-year period, RECP II has returned 17.3%. CCCERA has a 3.3% ownership interest in RECP II.

As of March 31, 2011, the portfolio consisted of 14.2% retail, hotels accounted for 31.3%, land development made up 27.5%, residential accounted for 14.5%, 1% made up office properties and 11.5% in “other”. The properties were diversified geographically with 73.7% domestic and 26.3% international.

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

### **DLJ Real Estate Capital Partners III \$40,033,465**

DLJ Real Estate Capital Partners III (RECP III) reported a return of 0.4% in the first quarter. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, RECP III returned 3.2%. CCCERA has a 7.0% ownership interest in RECP III.

As of March 31, 2011 the portfolio consisted of 45.4% hotel properties, 26.9% industrial, 17.9% mixed-use development, 5.4% apartments, 1.6% retail, 2.6% vacation home development, and 0.2% other. The properties were diversified globally with 47.2% non-US and 52.8% US.

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

**DLJ Real Estate Capital Partners IV**  
**\$45,002,215**

DLJ Real Estate Capital Partners IV (RECP IV) returned 2.7% in the quarter ending March 31, 2011. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund has returned 22.5%.

As of 31, 2010 the portfolio consisted of 8.1% office properties, 8.0% senior and mezzanine loans, 26.2% mixed use development, 16.1% land, 9.2% private securities, 5.3% public securities, 3.1% hotel properties, 4.5% a construction and development company, 2.7% industrial, 2.2% CMBS securities, and 0.4% other. The properties were diversified globally with 36.7% non-US and 63.3% US.

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

**Long Wharf US Growth Fund II**  
**\$14,652,886**

Long Wharf (formerly Fidelity) returned 4.0% for the second quarter of 2010. For the one-year period, Fidelity had a total return of 11.8%.

During the quarter the fund wrote up the fair market value of eight assets, with most of the increases relatively modest in scale. In general, the operating fundamentals of most of the fund's properties continue to steadily improve, with effective rent increases finally taking hold across many of FREG II's apartment holdings. The fund's largest remaining investment, Michigan Student Housing Portfolio, continues to perform extremely well at 99% occupancy, generating over \$1.6 million of operating income distributions to FREG II in the second quarter.

Since inception through June 30, 2011, the fund has fully realized 28 investments, with a realized gross CCCERA IRR of -11.5%. The remaining 21 projects are projected to realize a -5.3% IRR, bringing the overall fund to a projected IRR of -6.9%.

The portfolio consists of 22% apartment properties, 22% for sale housing, 2% senior housing, 9% retail, 3% office, 17% student housing and 25% other. The properties were diversified

regionally with 21% in the Pacific, 24% in the Southeast, 14% in the Mountain region, 6% in the Southwest, 18% in the Mideast, and 11% in the East North Central.

### **Long Wharf US Growth Fund III**

Long Wharf (formerly Fidelity) US Growth Fund III reported a return of 1.6% for the second quarter of 2010. Over the past year, the Fund has returned 24.8%.

There was a modest positive change in value during the quarter, as the fund's investments were written up in the aggregate by \$2.4 million and the fund received \$2.4 million of cash and accrued income.

The fund's apartment projects are generally experiencing solid leasing velocity and are beginning to benefit from improving net effective rents. Two of the properties have already stabilized, and the other properties are expected to reach stabilized occupancy in the second half of 2011 which will help drive effective rent growth going forward. The funds' hotel properties at Atlanta Hartsfield and Los Angeles International are both performing strongly and we are seeing a good deal of leasing interest at our recently acquired office properties in the Silicon Valley, Dallas and Boston markets.

FREG III closed three new investments during the second quarter. In April, the fund acquired The Arboretum of South Barrington, a 420,000 square foot upscale lifestyle center outside of Chicago. The center was built for \$135 million in 2008 and the fund acquired the property by purchasing the \$90 million note from the lender for \$55 million. At acquisition the property was over 80% occupied. In April, the fund also added to its central Pennsylvania industrial portfolio by acquiring a 330,000 square foot property in Mechanicsburg.

Finally, in May, FREG III acquired a land parcel on the corner of 30th Street and 10th Avenue in New York City. The site is immediately adjacent to the Hudson Rail Yards project and directly opposite the acclaimed High Line Park. The prior owner spent over \$85 million acquiring and preparing the site and FREG III acquired the property by purchasing the note at a discount from the lender for \$43 million.

In addition to working on a number of potential new investments that they expect to close over the next 30-60 days, we also anticipate distributions from the fund to accelerate in the second half of the year, beginning in the third quarter. At this point in the fund, we plan to promptly distribute income, sales and refinancing proceeds, which will increase as FREG III matures.

Since inception through June 30, 2011, the fund has realized 3 investments and has 20 unrealized investments. 28% of the fund remains uncommitted. Committed capital consists of 9% student housing, 15% retail, 13% office, 11% apartments, 5% industrial, 10% hotels, 9% senior housing and 6% entitled land.

### **Hearthstone I & II**

**\$63,906 & -\$11,643**

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



**Invesco Real Estate Fund I**  
**\$30,539,803**

Invesco Real Estate Fund I (“IREF”) reported a second quarter total return of 17.6%. Over the past year, Invesco Real Estate Fund I returned 37.1%. CCCERA has a 15.6% interest in the Real Estate Fund I.

The Fund has committed 103% of its equity capital. During the current quarter, 91% of the Fund’s assets (as measured by GAV) were valued, with 73% valued by third-party external appraisers. This resulted in a \$30 million increase in GAV or 6.4% over the previous quarter. Close to half of the Fund’s increase in GAV was driven by its multi-family assets, primarily from revenue growth via reduced leasing concessions. The remaining growth in GAV resulted from the Fund’s commercial asset base, through a combination of positive leasing events and improved return metrics.

The Fund remains focused on returning investor capital through asset sales as soon as the value of individual investments is maximized. During 2011, the Fund anticipates executing at least three dispositions. After reserving for Fund working capital needs, these sales will result in a distribution to LP investors of approximately \$30 million or 9% of committed capital. To date, the pricing of these three investments in the capital markets has exceeded their underwritten projections.

The Fund’s balance sheet is stable and reflective of the successful loan restructurings executed during the 2009-2010 time period. Individual loan maturity dates are well-matched with the timing of ultimate value creation and disposition, with the lone exception of the Milestone Eurohypo debt tranch that matures in March 2012. This individual loan will be refinanced during the second half of 2011, likely utilizing a lower than anticipated paydown of 5% to 10% of the note balance. The source of this pay-down will be Fund balance sheet cash and not a capital call from LP investors.

Only one debt event occurred during the current quarter, an extension of the Baederwood Shopping Center loan with Bank of America – the only loan within the Fund that has recourse. The loan was extended for two years to allow time for completion of the renovation/expansion of this infill, groceryanchored shopping center. A 250 basis point reduction in the lending spread above the LIBOR rate was negotiated, as well as additional loan proceeds to fund the completion of capital improvements to the asset.

As of the second quarter, the portfolio consisted of 8 investments. Property type distribution was 10% retail, 19% industrial properties, 7% office and 64% multi-family. The properties were diversified regionally with 24% in the West, 53% in the South, 11% in the Midwest and 12% in the East.

**Invesco Real Estate Fund II**  
**\$53,600,318**

Invesco Real Estate Fund II returned 7.9% during the second quarter. Over the past year, the fund has returned 74.2%. CCCERA has an 18.7% ownership stake in the fund.

Of the eight investments made in the 2007/2008 vintage, four are being marketed for sale with closings to occur between 4Q2011 and 1Q2012. They include: The Shidler Portfolio, Shoppes at Southern Palms, Ellicott House and Garden Walk Land Parcel. Their common theme is that

value has been maximized and capital market pricing is aggressive. Two (2) additional investments from this vintage group – The Brill Building and The Juliana – are being closely monitored for value maximization and may be marketed soon as well.

Invesco is optimistic that the Fund may outperform its current projections for 3-8% net IRR and 1.15-1.25x net equity multiple upon full redemption. In particular, they think a few assets have upside performance potential that can't be captured in current forecasting, but that we are actively working to achieve – The Brill Building in New York City is an example.

As of the second quarter, the portfolio consisted of 12 investments. The Fund's investments are distributed nationwide with 27% in the West, 8% South, 65% East and 0% in the Midwest. The portfolio is weighted by gross asset value by property type with 21% industrial, 24% office, 50% multi-family, 4% retail and 1% Land.

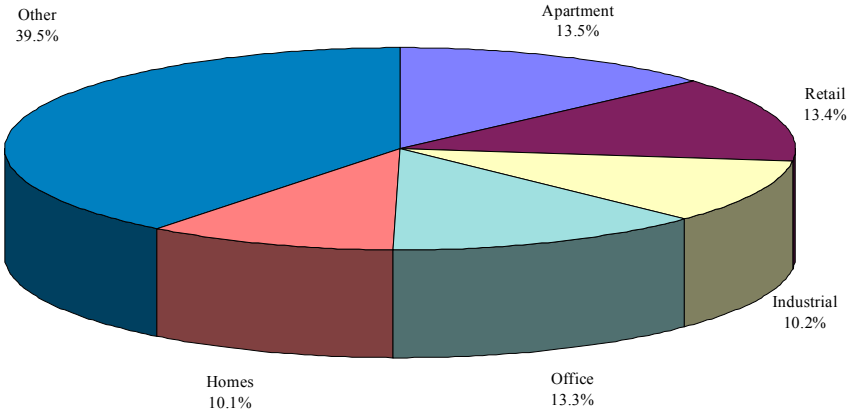
**Invesco International REIT**  
**\$56,526,878**

The Invesco International REIT portfolio returned 3.1% in the second quarter. This return was above the FTSE EPRA/NAREIT Global ex-US benchmark return of 2.5%. Over the past year, the portfolio returned 32.3%.

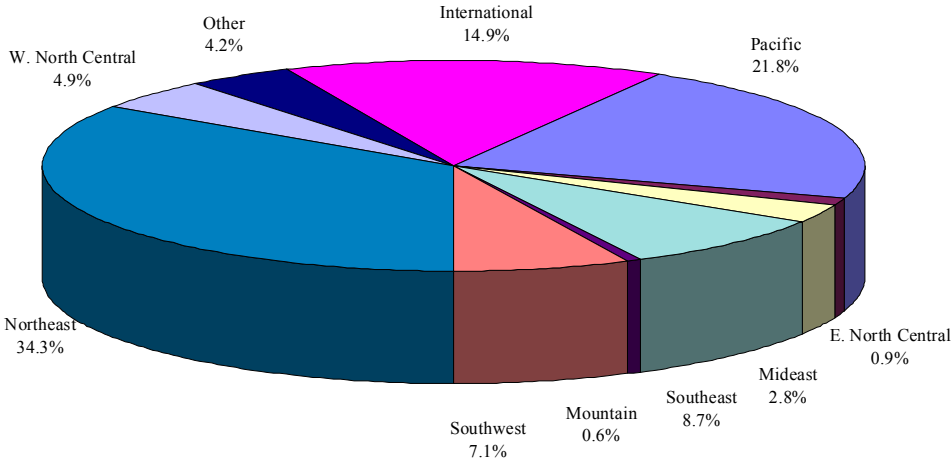
**MANAGER COMMENTS – REAL ESTATE**

**Total Real Estate Diversification**

**Diversification by Property Type**



**Diversification by Geographic Region**



## **MANAGER COMMENTS - ALTERNATIVE INVESTMENTS**

### **Adams Street Partners**

**\$92,083,169**

Adams Street had a third quarter gross return of 6.4% for the CCCERA's investments. (Performance lags by one quarter due to financial reporting constraints, which is typical for this type of investment vehicle.) For the one-year period, Adams Street returned 24.0%. The portfolio continues in acquisition mode.

The Adams Street domestic portfolio (\$23,259,405) is comprised of 36.4% venture capital funds, 9.1% special situations, 7.8% in mezzanine funds, 4.3% in restructuring/ distressed debt and 42.4% in buyout funds. The Non-US Developed program (53,555,494) was allocated 22.7% to venture capital, 11.2% special situations, 1.5% mezzanine debt, 2.5% restructuring/distressed debt and 62.2% buyouts. The Non-US Emerging program (\$15,268,270) was allocated 42.8% to venture capital and 57.2% to buyouts.

### **Bay Area Equity Fund**

**\$10,102,669**

Bay Area Equity Fund had a second quarter gross return of 0.2% (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned 51.9%. CCCERA has a 13.3% ownership interest in the Fund.

As of December 31, 2010, the Bay Area Equity Fund has 18 investments in private companies in the 10 county Bay Area, all of which are located in or near low- to middle-income neighborhoods. Currently, the Fund has invested \$68.0 million, including \$7.0 million in recycled capital.

### **Carpenter Community BancFund**

**\$22,200,776**

Carpenter had a second quarter gross return of 0.1%. (Performance lags by one quarter due to financial reporting constraints). Over the past year, Carpenter has returned 8.6%.

The Fund holds control investments in five commercial banks and a smaller ownership share in another bank. The Fund has deployed \$175.5 million of its capital into the six financial institutions. Consolidated results of the Fund banks showed that total assets equaled nearly \$2.5 billion on a capital base of \$288 million. On a consolidated basis, the Fund banks achieved profitable operating results in the first quarter.

**Energy Investors - US Power Fund I**  
**\$2,959,954**

The Energy Investors Fund Group (EIF) had a first quarter gross return for this fund, which is in liquidation mode, of 0.22%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF had a total return of -23.4%. CCCERA has a 9.6% ownership interest in Fund I.

The planned sale of Black River Generation failed to close, and the Fund is exploring other alternatives for the disposition of this project. Efforts continue with regard to the sale of the Fund's other two remaining investments, Loring BioEnergy and SeaBreeze.

**Energy Investors - US Power Fund II**  
**\$43,008,676**

Energy Investors had a first quarter gross return of 1.3% for US Power Fund II. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund returned 1.9%. CCCERA has a 19.1% ownership interest in USPF-II.

The Fund distributed \$7.0 million to its Partners in the second quarter, bringing year-to-date distributions to \$10 million and inception to date distributions to \$139.4 million. The fair value of the portfolio increased by a net \$10.4 million in the second quarter, primarily due to a \$11.6 million increase in the fair value for Plum Point and a \$1.0 million increase for Mojave.

**Energy Investors - US Power Fund III**  
**\$21,329,546**

During the second quarter, the fund had a gross return of 0.5%. Over the past year, the fund has returned -2.1%. CCCERA has a 6.9% ownership interest in USPF-III.

The Fund distributed \$14 million to its Partners in June, bringing inception to date distributions to \$162.3 million. In April, the Fund made a \$150 million capital call, primarily for Astoria II (\$67 million) and Kleen (\$76 million).

During the quarter, the Fund's investment portfolio increased by approximately \$66 million from \$998 million to \$1.06 billion. In addition to incremental equity infusions in Astoria II (\$21 million) and Kleen (\$40 million), USPF III also funded smaller, incremental amounts to a number of development company investments. In addition, the fair value of the Fund's Solar Power Partners ("SPP") investment was reduced by approximately \$6 million, to reflect the difficult market environment for small solar companies.

**Nogales Investors Fund I**  
**\$2,681,371**

The Nogales Investors Fund I returned -0.2% in the quarter ended March 31, 2011. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Nogales has

returned 21.5%. CCCERA makes up 15.2% of the Fund. As of March 31, 2011, the Fund had six investments with estimated total value of \$71.1 million.

**Oaktree Private Investment Fund 2009**  
**\$20,448,445**

The Oaktree PIF 2009 Fund was funded on February 18, 2010 with a commitment of \$40.0 million and an initial investment of \$7.0 million. The Oaktree PIF 2009 Fund returned 5.8% in the first quarter ended March 31, 2011. (Performance lags by one quarter due to financial reporting constraints.)

**Paladin Fund III**  
**\$11,646,836**

Paladin Fund III returned 9.5% for the quarter ended March 31, 2011. Over the past year, the fund has returned 12.1%. As of March 31, 2011, the Fund reported \$48.91 million of Partners' Capital, which consisted of \$49.98 million in assets less \$71,000 of liabilities. The \$49.98 million of assets consisted of the Fund's investments in Adapx, Unitrends, Quantalife, Luminus Devices, BA-Insight, Damballa, WiSpry, Modius, Digital Bridge Communications, Renewable Energy Products, Paladin Biodiesel I, Vital Renewable Energy Products (VREC), Paladin Ethanol Acquisition, and Royalty Pharma (\$45.95 million), cash (\$1.67 million), sales proceeds and interest and other receivables (\$1.29 million) and due from affiliates and parallel vehicles (\$57,000). The \$71,000 of liabilities represented amounts accrued for expenses (\$68,000) and investment and interest payable (\$3,000).

**Pathway Private Equity Fund**  
**\$74,473,545**

The combined Pathway Private Equity Fund (PPEF) and Pathway Private Equity Fund 2008 (PPEF 2008) had a fourth quarter return of 9.9%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Pathway returned 23.1%.

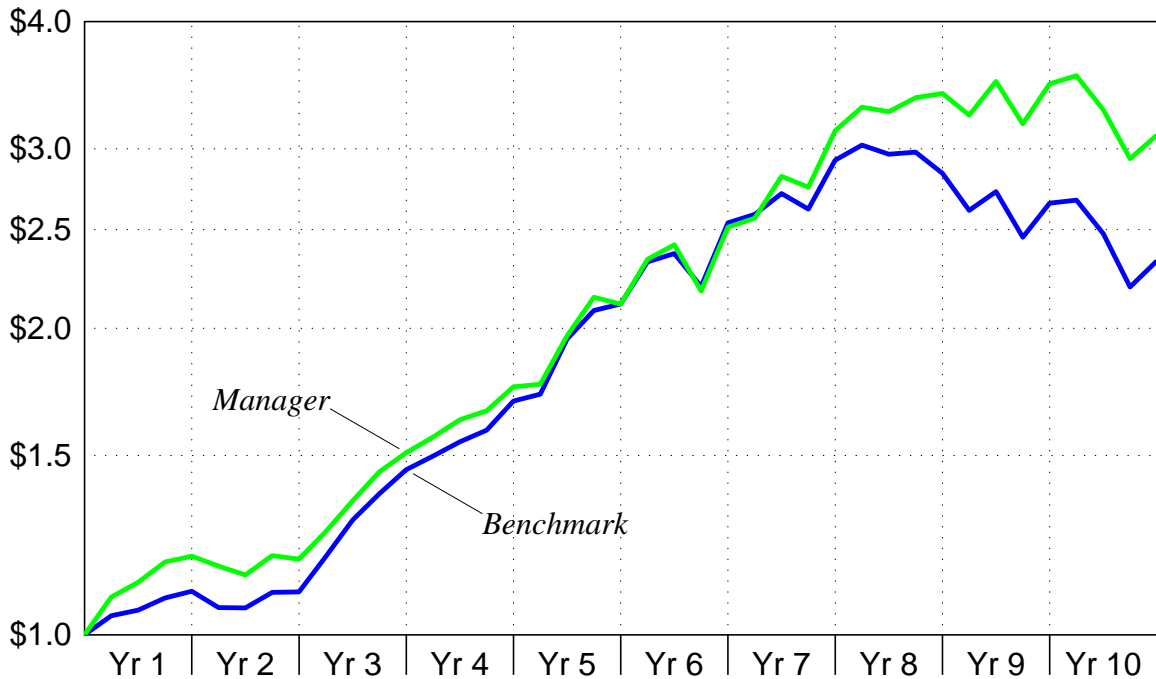
The Fund's contain a mixture of acquisition-related, venture capital, and other special equity investments. As of March 31, 2011, PPEF 2008 had committed \$181.7 million to 18 private equity limited partnerships. During the first quarter of 2011, PPEF 2008 committed €11.5 million to BC European Capital IX, L.P., a buyout partnership that will target primarily European large- market companies with defensive characteristics. The portfolio is still in the early stages of its development: contributions to the Fund totaled \$28.8 million, or 9.0% of the total fund size, at the end of the first quarter. Due to the immaturity of the portfolio, performance metrics are not yet meaningful. Please refer to the Portfolio Summary for further details. PPEF 2008 did not make any private equity limited partnership commitments during the second quarter of 2011.

## APPENDIX – EXAMPLE CHARTS

### How to Read the Cumulative Return Chart:

# Manager vs. Benchmark

## Cumulative Value of \$1

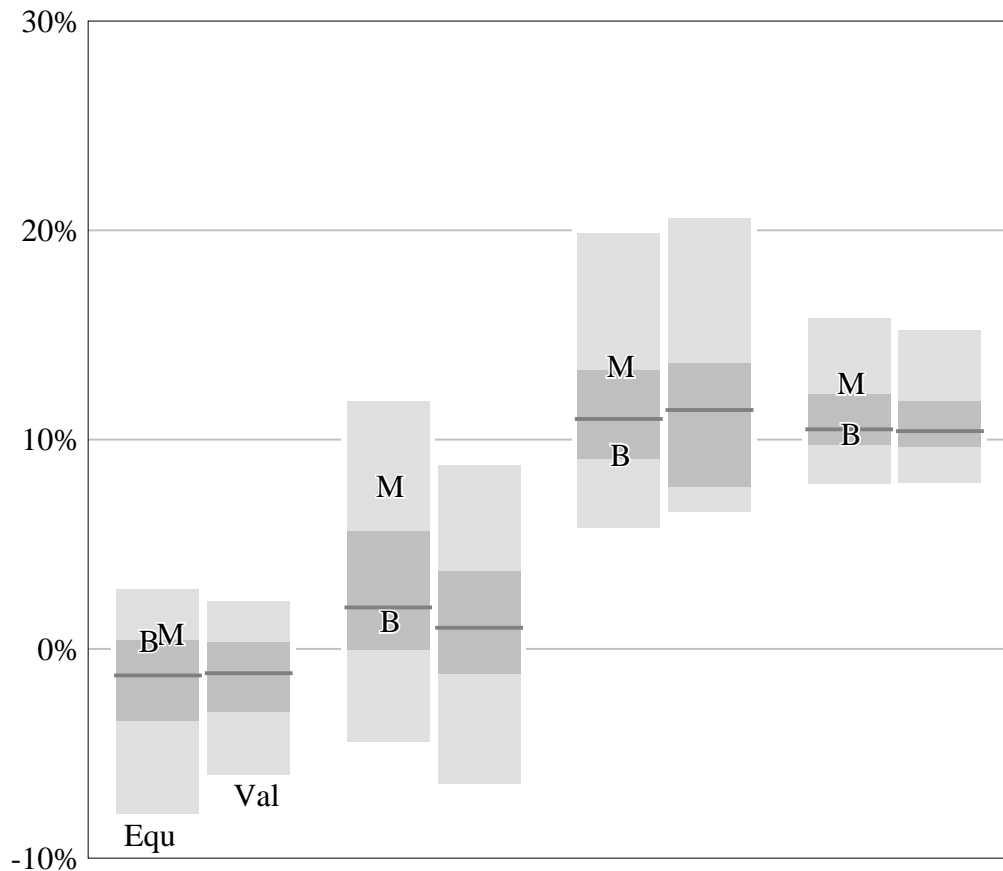


This chart shows the growth of \$1 invested in the 1<sup>st</sup> quarter of Year 1 with the manager vs. \$1 in the benchmark. Manager returns are the green line. Benchmark performance is the blue line. For example, in the above graph if \$1 had been invested with the manager at the beginning of the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



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

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

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



## DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

slower than expected (i.e. interest rates rise).

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

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

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

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

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

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

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