



**StanCERA**

**Monthly Investment Performance  
Summary**

**Provided by  
Strategic Investment Solutions Inc.**

**June 2008**

## U.S. EQUITY

June 2008 was a rough month in what has continued to be a difficult year for stocks. Global equity markets tumbled in a sell-off that left financial firms battered. The decline capped a dreary month that forced investors to acknowledge that the resolution of the Bear Stearns collapse has not solved the problems facing the economy. Economic activity across the U.S. has deteriorated as the after-shocks of the US housing depression, credit turmoil, and spiking energy and food prices reverberate through the markets. Although analysts suggest that the recession may be lighter and shorter than previously feared, investors are looking for signs where the bottom might be and we expect that search to take some time. Consumer spending is under increasing pressure, businesses are losing confidence as well. The fall in residential property taxes is placing state and local government finances under increased stress at a time when unemployment is rising.

Markets swooned in June with the Dow Jones Industrial Average down over 10%, making this the worst June performance since 1930. The Dow has now wiped out all of its gains since September 2006. Small caps outperformed large caps and growth once again outperformed value. The Russell 1000 Growth Index was down -7.2% for the month of June, while the Russell 1000 Value Index was down -9.6%. In the small cap class, the Russell 2000 Growth Index was down -6.0% and the Russell 2000 Value Index was down -9.6%. The S&P 500 Index was down for the month of June by -8.4% and closed the month with a trailing P/E ratio of 21.2 (estimated twelve-month forward P/E ratio of 13.5) and a dividend yield of 2.4%.

Corporate merger activity highlights for the month included: Mobile service provider China Unicom will acquire fixed-line operator China Netcom Group in a share swap valued at \$56 billion; Tata Motors, India's top vehicle maker, competed its \$2.3 billion acquisition of the Jaguar and Land Rover brands from Ford Motor; Smith International, an oilfield service provider, will buy W-H Energy Services for about \$3.2 billion; JM Smucker will buy Procter & Gamble's Folgers coffee

business for about \$3 billion; Verizon Wireless will buy mobile service provider Alltel for \$28 billion; Honeywell Aerospace will sell its aerospace fasteners and hardware distribution business to BE Aerospace for \$1.05 billion; XTO Energy, an oil and gas property developer and producer, will buy crude oil and natural gas producer Hunt Petroleum for \$4.2 billion; Staples will buy Corporate Express for \$2.65 billion to create the world's largest distributor of office products; Japanese pharmaceutical company Daiichi Sankyo will buy a controlling stake in India's largest drug maker Ranbaxy Labs for \$4.6 billion; Anheuser-Busch, the biggest U.S. brewer and 3<sup>rd</sup> worldwide by volume, received an unsolicited \$46.3 billion bid from Belgium-based InVev; A consortium led by Babcock & Brown will buy Angel Trains, a freight and passenger rolling stock provider, from RBS for \$7 billion; Reliance Steel & Aluminum, the largest U.S. metals distributor, will buy PNA Group for about \$1.1 billion; Cadence Design Systems made a \$1.6 billion offer to buy Mentor Graphics; Blackstone Group will acquire Apria Healthcare Group for \$1.6 billion; Invitrogen will acquire Applied Biosystems for \$6.7 billion; Sanofi-Aventis intends to offer \$2.6 billion for Czech generic drug maker Zentiva, topping an earlier offer from financial group PPF; Disposal company Republic Services will buy Allied Waste in a \$6.1 billion deal that would join the 2<sup>nd</sup> and 3<sup>rd</sup> largest players in the industry; Agriculture firm Bunge Ltd. is buying Corn Products International in a \$4.4 billion deal; and, British gas producer BG Group launched a hostile \$13.1 billion bid for Australia's Origin Energy.

Not a single company backed by venture capitalists has had an initial public offering this quarter. The last time that happened was in the first quarter of 1978.

## FIXED INCOME

The unemployment rate soared from 5.0% in April to 5.5% in May, the biggest one-month jump since February 1986. The increase left the jobless rate at its highest since October 2004. Oil prices raced to a record \$140 per barrel. The national average price for regular gasoline is at \$4.08. U.S. Corn futures for delivery in July rose as high as \$7.35 a bushel, a record high. Americans' equity in their homes has dropped to their lowest level on record at 46.2% and the rate of new foreclosures and late payments hit a record in the 1<sup>st</sup> quarter. Banks repossessed

73,794 houses in May, more than double the 28,548 in May 2007. The quarterly CEO Economic Outlook Index fell 5 points to 74.5 in the quarter, its lowest level since October 2003.

Gross domestic product, which measures total output of goods and services within the U.S. borders, grew at a 1.0% annual pace in the first quarter.

The Labor Department reported that consumer prices rose by 0.6% in May, the biggest one-month increase since last November. The Producer Price Index, which measures the costs of goods before they reach store shelves, shot up 1.4% in May, also the biggest increase since November.

Long-term interest rates were slightly lower in June. The bellwether 10-year Treasury note ended the month at 3.98% down from 4.04% at the close of May. At month-end, the 30-year long bond yield was 4.53% and the 3-month T-bill was at 1.71%. The Lehman Aggregate Index was down by -0.1% in June. The Lehman U.S. Corporate High Yield Index was the weakest performing sector down by -2.8% for the month.

There were a record number of potential downgrades last month and potential upgrades were at their lowest level since September 2004, according to ratings agency Standard & Poor's.

On the economic front, the following key data was released in June:

\*The Commerce Dept. reported that personal income was up 0.2% and personal spending was up 0.2% in April.

\*The Institute of Supply Management said its index of national factory activity edged up in May to 49.6 from 48.6 in April, slightly below the level of 50 that signals contraction.

\*Sales of semiconductor chips rose 5.9% to \$21.2 billion in April compared to a year earlier.

\*The Commerce Dept. reported that new orders at U.S. factories rose by a sharper-than-expected 1.1% in April.

\*The Labor Dept. reported that productivity rose at an annual rate of 2.6% in the 1<sup>st</sup> quarter, faster than the government's initial estimate of 2.2%.

\*The Institute of Supply Management reported that its non-manufacturing sentiment index inched lower to 51.7% in May from 52.0% in April.

\*Americans saw their net worth decline by \$1.7 trillion in the 1<sup>st</sup> quarter, the largest drop since 2002, on declines in home values and a weak stock market.

\*The U.S. trade deficit widened a more than expected 7.8% to \$60.9 billion in April from a downwardly revised \$56.5 billion in March. The gain was the biggest since September 2005. Imports jumped 4.5% to a record \$215 billion in April, the biggest gain since November 2002.

\*The Federal Reserve's Beige Book said the U.S. economy remained generally weak in May as higher prices for food and energy pinched consumers' pocketbooks.

\*The New York Fed's Empire State general business conditions index fell to a minus 8.7 from a minus 3.2 in May.

\*Foreign buying of U.S. financial assets rose more than forecasted by a net \$115 billion in April from a net \$79 billion the previous month.

\*The Commerce Dept. reported that U.S. durable goods orders were unchanged in May after a 1.0% decline in April.

\*Existing home sales rose 2% to a seasonally adjusted annual rate of 5.0 million in May, the highest sales pace since February.

\*The Commerce Dept. reported that consumer spending rose by a more-than-expected 0.8% in May as government stimulus checks bolstered household budgets. Since April, the Treasury Dept. has distributed nearly 95 million checks totaling \$78.3 billion. Commerce also reported that personal income advanced 1.9% in May, the largest gain since September 2005.

The Conference Board reported its overall monthly measure of consumers' sentiment declined to 50.4 this month, the lowest since February 1992. Similarly, The Reuters/Univ. of

Michigan consumers' confidence index fell to 56.4, the lowest reading in 28 years!

## NON-U.S. MARKETS

Protracted weakness in new home sales in Japan suggests that the world's second largest economy is experiencing more than just a technical blip. Sales of new cars in Japan fell 6.1% from a year earlier in May.

Chinese wholesale inflation soars to 8.2% in May at its fastest rate in three years as higher oil, coal and steel prices confront manufacturers.

Non-U.S. markets also had a negative performance in the month. The MSCI ACWI Ex-U.S. was down by -8.2% (US dollars) in June. Developed stocks (EAFE) were down -8.2% while Emerging Markets were down by -10.0%.

## CONCLUSIONS

Over the past eight months, from a peak in October 2007, the DJIA has declined 20%, generally regarded as a bear market signal. This eight-month journey has roughly followed the news of the sub-prime mortgage crises, with a significant drop after the Bear Stearns collapse in March and a rally when the economy appeared to recover slightly in April and May. However, in June, as the price of oil rose to record levels above \$140 per barrel accompanied by continued US dollar weakness, the pain in the financial sector showed no signs of easing and the losses gained momentum. Many investors have concluded that the economy was in worse shape than they had initially feared and that inflation also remains a worry as evidenced by the Fed's halting of short-term interest rate reductions. In addition to the price of energy, food prices continue to rise. Egg prices in May were 18.2 percent higher from a year ago, while bread rose 15.9 percent and milk was up 10.2 percent, according to Consumer Price Index data. Consumer confidence figures show that pessimism about the economy is at historic highs with The Conference Board's Expectation Index,

which stood at 94.4 last July, down to 41.0, a record low.

The process of de-leveraging continues to be painful and unfortunately has a ways to go before it has been fully played out in our judgment. Financial markets at this point in time are having trouble finding positive news that will point to a bottom of the sub-prime mortgage financial crises and also to a bottom of the slowdown in the economy. Financial markets are great discounters and tend to look ahead 6-12 months down the road. The news appears to be almost totally one-sided at this point in time to the negative. The markets hate uncertainty and not only does the uncertainty of the financial crises, the economy and inflation continue to trouble the markets, we also have the uncertainty of the elections coming up. Clearly, the markets need to resolve some of these uncertainties (and confusion) before it can move forward. We have consistently believed that we are in a transition period as investors reprice risk. These transition periods take time. The optimistic predictions in the fall of 2007 by many within the investment management community about the duration and depth of this risk reduction were just that, optimistic.

All periods of market and economic turmoil don't just create challenges, opportunities are also present though we have to overcome our human nature instincts to recognize them.

Diversified portfolios and disciplined rebalancing to long-term strategic targets remains the best defense for large portfolios. Some of our clients will recognize that the extremes in some sectors of the market will be corrected and there is return opportunity within this market and economic turmoil. Others will maintain their current policy and prepare themselves for the usual questions that arise during difficult investment periods. Regardless of how ugly the immediate news is, long term investors know that this too will pass.

# MARKET UPDATE

For June 2008

US Equity Indices	Style	Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad US Equity	(8.25%)	(1.69%)	(11.05%)	(12.69%)	4.73%	8.37%	3.51%
Russell 200	Large Cap Equity	(8.44%)	(3.70%)	(12.64%)	(12.81%)	4.00%	6.45%	1.83%
Russell 200 Growth	Large Cap Growth	(7.15%)	(0.28%)	(10.08%)	(5.67%)	5.07%	5.79%	(0.24%)
Russell 200 Value	Large Cap Value	(9.79%)	(7.13%)	(15.25%)	(19.35%)	2.98%	7.19%	3.49%
S&P 500	Large Cap Equity	(8.43%)	(2.73%)	(11.91%)	(13.12%)	4.41%	7.58%	2.88%
Russell 1000	Large Cap Equity	(8.31%)	(1.89%)	(11.20%)	(12.36%)	4.81%	8.22%	3.38%
Russell 1000 Growth	Large Cap Growth	(7.20%)	1.25%	(9.06%)	(5.95%)	5.91%	7.32%	0.96%
Russell 1000 Value	Large Cap Value	(9.57%)	(5.31%)	(13.57%)	(18.78%)	3.53%	8.92%	4.91%
Russell Mid Cap	Mid Cap Equity	(7.99%)	2.67%	(7.57%)	(11.19%)	6.84%	13.07%	8.10%
Russell Mid Cap Growth	Mid Cap Growth	(7.31%)	4.65%	(6.81%)	(6.42%)	8.19%	12.32%	5.64%
Russell Mid Cap Value	Mid Cap Value	(8.91%)	0.07%	(8.58%)	(17.09%)	4.97%	13.00%	8.45%
Russell 2000	Small Cap Equity	(7.70%)	0.58%	(9.37%)	(16.19%)	3.79%	10.29%	5.52%
Russell 2000 Growth	Small Cap Growth	(5.96%)	4.47%	(8.93%)	(10.83%)	6.08%	10.37%	2.80%
Russell 2000 Value	Small Cap Value	(9.60%)	(3.55%)	(9.84%)	(21.63%)	1.39%	10.02%	7.47%
<b>Non-US Indices</b>								
MSCI ACWI Ex-US	Broad Non-US Equity	(8.22%)	(1.12%)	(10.16%)	(6.64%)	15.67%	18.94%	N/A-
MSCI EAFE	Developed Non-US Equity	(8.16%)	(1.93%)	(10.58%)	(10.15%)	13.34%	17.16%	6.23%
MSCI Emerging Mkts.	Emerging Non-US Equity	(9.96%)	(0.80%)	(11.64%)	4.89%	27.52%	30.15%	15.53%
ML GI Govt Bond ex. US	Global Bonds	0.26%	(4.93%)	5.30%	18.01%	6.51%	6.97%	6.71%
Euro	Currency	1.38%	(0.57%)	7.76%	16.66%	9.18%	6.53%	3.68%
Japanese Yen	Currency	(0.42%)	(6.10%)	5.39%	16.50%	1.49%	2.52%	2.73%
UK Pound Sterling	Currency	0.71%	0.13%	(0.02%)	(0.81%)	3.55%	3.82%	1.78%
<b>US Fixed Income Indices</b>								
Merrill Lynch 3-month T-Bill	Cash	0.16%	0.43%	0.98%	3.08%	4.23%	3.20%	3.56%
Lehman Aggregate	Core Bonds	(0.08%)	(1.02%)	1.13%	7.12%	4.09%	3.85%	5.68%
Lehman US Universal	Core Bonds Plus	(0.29%)	(0.81%)	0.83%	6.22%	4.15%	4.15%	5.78%
Lehman Gov't/Credit	Core Bonds	0.10%	(1.51%)	0.98%	7.24%	3.84%	3.58%	5.69%
Lehman US Credit	Corporate Bonds	(0.53%)	(0.90%)	(0.48%)	3.81%	2.75%	3.27%	5.57%
Salomon Mortgage	Mortgages	(0.30%)	(0.60%)	1.86%	8.05%	4.85%	4.60%	5.80%
Merrill Lynch High Yield Master II High Yield Bonds		(2.68%)	1.81%	(1.28%)	(2.11%)	4.63%	6.90%	4.91%

(not annualized if less than 1 year)

Source: mpi Stylus

Preliminary data

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JUNE 30, 2008**  
**PRELIMINARY BASIS**

**SUMMARY OF INVESTMENTS**

<u>ASSET CLASS</u>	<u>MARKET VALUE</u>	<u>PERCENT</u>	<u>NEW TARGET</u>	<u>POLICY RANGE</u>
DOMESTIC EQUITIES	554,233,308	42.6%	46.4%	36.5% - 56.3%
INTERNATIONAL EQUITIES	257,949,302	19.8%	20.0%	16.0% - 24.0%
FIXED INCOME	449,128,361	34.6%	30.6%	27.6% - 33.6%
REAL ESTATE	18,214,518	1.4%	3.0%	1.5% - 4.5%
CASH (equity managers only)	20,133,371	1.5%	0.0%	0.0% - 3.0%
<b>TOTAL PORTFOLIO</b>	<b>1,299,658,859</b>	<b>100.0%</b>	<b>100.0%</b>	

	<u>CURRENT</u>	<u>TARGET</u>
DODGE & COX - LARGE CAP VALUE	16.2%	17.5%
DELAWARE - LARGE CAP GROWTH	8.5%	8.9%
LOOMIS SAYLES - LARGE CAP GROWTH	5.9%	5.9%
RUSSELL 2000 VALUE i-Shares	4.7%	5.0%
MAZAMA - SMALL CAP GROWTH	3.9%	4.3%
BNY - S&P 500 INDEX	4.5%	4.8%
LSV ASSET MGMT - INTL EQ	9.7%	10.0%
FIDELITY - INTL EQ	10.6%	10.0%
DODGE & COX FIXED INCOME	34.6%	30.6%
INVESCO - GLOBAL REIT	1.4%	3.0%
<b>TOTALS</b>	<b>100%</b>	<b>100%</b>

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JUNE 30, 2008**  
PRELIMINARY BASIS

**GROWTH OF ASSETS AND CHANGES IN ALLOCATION**

<u>ASSET CLASS</u>	<u>CURRENT</u> <u>MONTH</u>	<u>PRIOR</u> <u>MONTH</u>	<u>% CHANGE *</u>	<u>PRIOR</u> <u>YEAR</u>	<u>% CHANGE *</u>
<b>MARKET VALUE</b>					
DOMESTIC EQUITIES	554,233,308	608,879,491	-8.97%	689,884,739	-19.66%
INTERNATIONAL EQUITIES	257,949,302	284,574,375	-9.36%	300,104,028	-14.05%
FIXED INCOME	449,128,361	453,471,978	-0.96%	437,356,009	2.69%
REAL ESTATE	18,214,518	20,683,790	-11.94%	0	N/A
CASH (equity managers only)	20,133,371	26,080,618	-22.80%	14,063,311	43.16%
<b>TOTAL PORTFOLIO</b>	<b>1,299,658,859</b>	<b>1,393,690,252</b>	<b>-6.75%</b>	<b>1,441,408,087</b>	<b>-9.83%</b>
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	42.64%	43.69%	-1.0%	47.86%	-5.2%
INTERNATIONAL EQUITIES	19.85%	20.42%	-0.6%	20.82%	-1.0%
FIXED INCOME	34.56%	32.54%	2.0%	30.34%	4.2%
REAL ESTATE	1.40%	1.48%	-0.1%	0.00%	1.4%
CASH (equity managers only)	1.55%	1.87%	-0.3%	0.98%	0.6%
<b>TOTAL PORTFOLIO</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>

\* % Change represents changes in cash balances, including cash transfers, and does not represent investment returns

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JUNE 30, 2008**  
PRELIMINARY BASIS

**MANAGER ALLOCATION**

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
<b>DOMESTIC EQUITIES</b>				
DODGE & COX - LARGE CAP VALUE	210,259,692	16.2%	17.5%	14.5% - 20.5%
DELAWARE - LARGE CAP GROWTH	110,088,085	8.5%	8.9%	6.9% - 10.9%
LOOMIS SAYLES - LARGE CAP GROWTH	76,945,946	5.9%	5.9%	4.5% - 7.3%
RUSSELL 2000 Value i-Shares	61,562,435	4.7%	5.0%	3.9% - 6.1%
MAZAMA - SMALL CAP GROWTH	50,544,623	3.9%	4.3%	2.9% - 5.7%
BNY - S&P 500 INDEX	<u>58,731,543</u>	4.5%	<u>4.8%</u>	3.8% - 5.8%
TOTAL DOMESTIC EQUITIES	568,132,323	43.7%	46.4%	
<b>FIXED INCOME</b>				
DODGE & COX	<u>449,128,361</u>	34.6%	<u>30.6%</u>	27.6% - 33.6%
TOTAL FIXED INCOME	449,128,361	34.6%	30.6%	
<b>INTERNATIONAL INVESTMENTS</b>				
LSV ASSET MGMT.	125,972,590	9.7%	10.0%	8.0% - 12.0%
FIDELITY	<u>138,211,067</u>	10.6%	<u>10.0%</u>	8.0% - 12.0%
TOTAL INTERNATIONAL EQUITIES	<u>264,183,657</u>	20.3%	<u>20.0%</u>	
<b>REAL ESTATE</b>				
INVESCO	<u>18,214,518</u>	1.4%	<u>3.0%</u>	1.5% - 4.5%
TOTAL REAL ESTATE	18,214,518	1.4%	3.0%	
TOTAL StanCERA PORTFOLIO	<u><u>1,299,658,859</u></u>	100.0%	<u>100.0%</u>	

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING 6/30/08**  
**PRELIMINARY**

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
<b>DOMESTIC EQUITIES</b>				
DODGE & COX - LARGE CAP VALUE	9,314,431		200,945,261	210,259,692
DELAWARE - LARGE CAP GROWTH	574,359		109,513,726	110,088,085
LOOMIS SAYLES - LARGE CAP GROWTH	1,742,118		75,203,827	76,945,946
RUSSELL 2000 Value i-Shares	2,084,531		59,477,905	61,562,435
MAZAMA - SMALL CAP GROWTH	183,577		50,361,046	50,544,623
BNY - S&P 500 INDEX	0		58,731,543	58,731,543
TOTAL DOMESTIC EQUITIES	13,899,016		554,233,308	568,132,323
<b>FIXED INCOME</b>				
DODGE & COX	12,607,641	436,520,720		449,128,361
TOTAL FIXED INCOME	12,607,641	436,520,720		449,128,361
<b>INTERNATIONAL INVESTMENTS</b>				
LSV ASSET MGMT.	3,924,603		122,047,987	125,972,590
FIDELITY	2,309,752		135,901,315	138,211,067
TOTAL INTERNATIONAL EQUITIES	6,234,355		257,949,302	264,183,657
<b>REAL ESTATE</b>				
INVESCO	0		18,214,518	18,214,518
TOTAL REAL ESTATE	0		18,214,518	18,214,518
<b>TOTAL STANCERA PORTFOLIO</b>	<b>32,741,013</b>	<b>436,520,720</b>	<b>830,397,127</b>	<b>1,299,658,859</b>

2.5%      33.6%      63.9%      100.0%

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JUNE 30, 2008**  
**PRELIMINARY BASIS**

**CURRENT PERFORMANCE**

	MARKET VALUE	JUNE	ALPHA	MAY	ALPHA	FISCAL YTD	ALPHA
<b>DOMESTIC EQUITIES</b>							
<b>DODGE &amp; COX - LARGE CAP VALUE</b>	<b>200,945,261</b>	<b>-10.30%</b>	<b>-0.73%</b>	<b>1.12%</b>	<b>1.28%</b>	<b>-20.27%</b>	<b>-1.49%</b>
<i>RUSSELL 1000 VALUE</i>		<i>-9.57%</i>		<i>-0.16%</i>		<i>-18.78%</i>	
<b>DELAWARE - LARGE CAP GROWTH</b>	<b>109,513,726</b>	<b>-10.27%</b>	<b>-3.07%</b>	<b>3.60%</b>	<b>-0.07%</b>	<b>-7.33%</b>	<b>-1.38%</b>
<i>RUSSELL 1000 GROWTH</i>		<i>-7.20%</i>		<i>3.67%</i>		<i>-5.95%</i>	
<b>LOOMIS SAYLES - LARGE CAP GROWTH</b>	<b>75,203,827</b>	<b>-6.01%</b>	<b>1.19%</b>	<b>6.93%</b>	<b>3.26%</b>	<b>-3.07%</b>	<b>2.88%</b>
<i>RUSSELL 1000 GROWTH</i>		<i>-7.20%</i>		<i>3.67%</i>		<i>-5.95%</i>	
<b>R2000 V i-Shares</b>	<b>59,477,905</b>	<b>-9.04%</b>	<b>0.56%</b>	<b>3.02%</b>	<b>-0.40%</b>	<b>-21.01%</b>	<b>0.62%</b>
<i>RUSSELL 2000 VALUE</i>		<i>-9.60%</i>		<i>3.42%</i>		<i>-21.63%</i>	
<b>MAZAMA - SMALL CAP GROWTH</b>	<b>50,361,046</b>	<b>-10.18%</b>	<b>-3.02%</b>	<b>5.96%</b>	<b>0.69%</b>	<b>-28.64%</b>	<b>-19.44%</b>
<i>RUSSELL 2500 GROWTH</i>		<i>-7.16%</i>		<i>5.27%</i>		<i>-9.20%</i>	
<b>BNY - S&amp;P 500 INDEX</b>	<b>58,731,543</b>	<b>-8.43%</b>	<b>0.00%</b>	<b>1.30%</b>	<b>0.00%</b>	<b>-13.12%</b>	<b>0.00%</b>
<i>S&amp;P 500</i>		<i>-8.43%</i>		<i>1.30%</i>		<i>-13.12%</i>	
<b>TOTAL DOMESTIC EQUITY</b>	<b>554,233,308</b>	<b>-9.41%</b>	<b>-1.16%</b>	<b>2.43%</b>	<b>0.38%</b>	<b>-16.02%</b>	<b>-3.33%</b>
<i>Russell 3000 Index</i>		<i>-8.25%</i>		<i>2.05%</i>		<i>-12.69%</i>	
<b>FIXED INCOME</b>							
<b>DODGE &amp; COX</b>	<b>449,128,361</b>	<b>-0.96%</b>	<b>-0.88%</b>	<b>-0.27%</b>	<b>0.46%</b>	<b>4.65%</b>	<b>-2.47%</b>
<i>LEHMAN AGGREGATE BOND</i>		<i>-0.08%</i>		<i>-0.73%</i>		<i>7.12%</i>	
<b>INTERNATIONAL INVESTMENTS</b>							
<b>LSV ASSET MGMT</b>	<b>122,047,987</b>	<b>-10.13%</b>	<b>-1.91%</b>	<b>0.94%</b>	<b>-0.79%</b>	<b>-14.11%</b>	<b>-7.47%</b>
<i>MSCI ACWI Free ex-US</i>		<i>-8.22%</i>		<i>1.73%</i>		<i>-6.64%</i>	
<b>PYRAMIS</b>	<b>135,901,315</b>	<b>-7.42%</b>	<b>0.80%</b>	<b>2.10%</b>	<b>0.37%</b>	<b>-3.36%</b>	<b>3.28%</b>
<i>MSCI ACWI Free ex-US</i>		<i>-8.22%</i>		<i>1.73%</i>		<i>-6.64%</i>	
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>257,949,302</b>	<b>-8.70%</b>	<b>-0.48%</b>	<b>1.54%</b>	<b>-0.19%</b>	<b>-8.77%</b>	<b>-2.13%</b>
<i>MSCI ACWI Free ex-US</i>		<i>-8.22%</i>		<i>1.73%</i>		<i>-6.64%</i>	
<b>REAL ESTATE</b>							
<b>INVESCO</b>	<b>18,214,518</b>	<b>-11.94%</b>	<b>-0.16%</b>	<b>-3.07%</b>	<b>-0.62%</b>	<b>-8.93%</b>	<b>-0.72%</b>
<i>FTSE EPRA/NAREIT Global REIT</i>		<i>-11.78%</i>		<i>-2.45%</i>		<i>-8.21%</i>	
<b>CASH &amp; SHORT-TERM INVESTMENTS</b>							
<b>CASH</b>	<b>20,133,371</b>	<b>0.18%</b>	<b>0.02%</b>	<b>0.20%</b>	<b>0.17%</b>	<b>4.00%</b>	<b>0.68%</b>
<i>90 DAY TREASURY BILL</i>		<i>0.16%</i>		<i>0.03%</i>		<i>3.32%</i>	
<b>TOTAL StanCERA Fund</b>	<b>1,299,658,859</b>	<b>-6.55%</b>	<b>-1.08%</b>	<b>1.27%</b>	<b>0.06%</b>	<b>-8.22%</b>	<b>-3.25%</b>
<i>Policy Index</i>		<i>-5.47%</i>		<i>1.21%</i>		<i>-4.97%</i>	
<i>Actuary Rate of Assumption (8.16%)</i>		<i>0.66%</i>	<i>-7.21%</i>	<i>0.66%</i>	<i>0.61%</i>	<i>8.16%</i>	<i>-16.38%</i>
<i>Actuary Rate of Inflation (4.00%)</i>		<i>0.33%</i>	<i>-6.88%</i>	<i>0.33%</i>	<i>0.94%</i>	<i>4.00%</i>	<i>-12.22%</i>