



**StanCERA**

**Monthly Investment Performance  
Summary**

**Provided by  
Strategic Investment Solutions Inc.**

**August 2008**

## U.S. EQUITY

Consumer prices rose at the sharpest rate in more than a quarter century during June, while consumers, coping with soaring costs received their smallest income gain in a year. Alexander Gulkowitz, author of *The Punch Line*, states “the consumer is facing a variety of headwinds despite the vast array of government actions. Crippled home finances, income fears, stubbornly higher living costs, anxiety over the banking system and the reality of significantly tighter credit standards have seriously damaged the outlook for households.”

Crude oil futures have tumbled more than 20% since touching a record high \$147.27 a barrel on July 11 providing some relief to consumers. The national average price for regular gasoline is at \$3.67 a gallon, still about \$1 higher than it was a year ago. Health care costs are expected to rise more than 10% into next year, according to a survey of insurers. Nearly one-third of U.S. homeowners who purchased homes in the last five years now owe more on their mortgages than their properties are worth. It now appears that real consumption will be flat to down in the third quarter given the breakdown in July auto sales. Consumer confidence may be bottoming out but the level is so low as to point to continued consumption weakness ahead.

US stocks were positive in the month of August with small caps outperforming large caps and value outperforming growth. The Russell 1000 Growth Index was up +1.1% for the month of August, while the Russell 1000 Value Index was up +1.7%. In the small cap class, the Russell 2000 Growth Index was up +2.5% and the Russell 2000 Value Index was up by +4.8%. The S&P 500 Index was up for the month of August by +1.5% and closed the month with a trailing P/E ratio of 25.9 (estimated twelve-month forward P/E ratio of 15.4) and a dividend yield of 2.4%.

Corporate merger activity highlights for the month included: Bertelsmann will sell its 50% stake in music business Sony BMG to Sony for \$1.2 billion; Onexim Group will buy a 16.6% stake in Norilsk Nickel, Russia’s largest metal firm, for \$10 billion; Anglo-Swiss mining giant Xstrata made a \$10 billion offer for Lonmin, the world’s number 3 platinum producer; GATX offered more than \$3 billion for General Electric’s Rail Services unit; Mitsubishi UFJ Financial, Japan’s largest bank, made a \$3.5 billion offer to buy the remaining 35% of California’s UnionBanCal that it does not already own; a consortium led by Goldman Sachs will pay about \$1.5 billion for a number of ABN AMRO’s private equity assets; Carlyle Group will sell U.S. steel manufacturer John Maneely to Russia’s OAO Novolipetsk Steel for \$3.5 billion; CVS Caremark will buy Longs Drug Stores in a deal valued at \$2.7 billion; PMI Group will sell its Australian assets to QBE Insurance for \$920 million; Vishay Intertechnology made a \$1.6 billion offer to buy power management chip maker International Rectifier; ArcelorMittal will buy London Mining South American from London Mining for \$764 million; General Dynamics will buy Zurich-based Jet Aviation Management, a jet charter and maintenance service provider for \$2.25 billion; Aon, the world’s largest insurance broker, will buy Britain’s Benfield Group for about \$1.6 billion; Russian Steelmaker OAO Severstal will buy Pennsylvania’s PBS Coals for about \$1.3 billion; Canada’s Precision Drilling Trust will buy U.S. driller Grey Wolf for \$2 billion; India’s state-run Oil and Natural Gas will acquire Britain’s Imperial Energy; and, IKON Office Solutions agreed to be acquired by Ricoh of Japan for \$1.6 billion.

The majority of deals reported in the past month were transacted in the Energy and Commodities sectors.

## FIXED INCOME

The Commerce Department reported that the U.S. economy grew at a 3.3% real annual pace in the 2<sup>nd</sup> quarter, the fastest pace since the 3<sup>rd</sup> quarter of last year and almost double the initial 1.9% estimate last year. However, economists lowered their forecasts for 3<sup>rd</sup> quarter growth to a 1.2% annual rate from the previous 1.7%

estimate. Fed Chairman Ben Bernanke said the stronger dollar and lower oil prices, along with the weak economy, should curb inflation, in a hint that interest rates would stay on hold although he warned the inflation outlook is highly uncertain.

Long-term interest rates were lower in August. The bellwether 10-year Treasury note ended the month at 3.82% down from 3.97% at the close of July. At month-end, the 30-year long bond yield was 4.41% and the 3-month T-bill was at 1.69%. The Lehman Aggregate Index was up by +0.95% in August with all fixed income sectors posting positive returns.

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

\*The Labor Dept. reported that jobs fell for the seventh straight month in July and the unemployment rate rose to 5.7%, the highest in more than 4 years.

\*The Commerce Dept. reported that construction spending fell 0.4% in June to a seasonally adjusted annual rate of \$1.08 trillion.

\*The Commerce Dept. reported that consumer spending fell 0.2% in June.

\*The Institute for Supply Management reported that its non-manufacturing index came in at 49.5 in July, up from June's 48.2.

\*The Labor Dept. reported that productivity, the amount an employee produces for every hour on the job, grew at an annual rate of 2.2% during the 2<sup>nd</sup> quarter.

\*The U.S. trade deficit shrank unexpectedly to \$56.8 billion in June, down from a revised estimate of \$59.2 billion in May.

\*The Treasury Dept. reported that the budget deficit for July totaled \$102.8 billion nearly triple the \$36.4 billion deficit recorded in July 2007. Over the first 10 months of the current fiscal year (that began in October 2007), the cumulative deficit was \$371 billion, well over

twice the gap posted over the same period a year ago.

\*Home prices rose 1.1% on a national level in June from May, although they have dropped 11.5% over the past year. The median price of existing homes fell 7.6% in the 2<sup>nd</sup> quarter to \$206,500.

\*Retail sales edged down 0.1% in July, the weakest performance in 5 months, as shoppers shunned autos and other big ticket items.

\*The Labor Dept. reported that wholesale prices rose by 1.2% in July, the fastest year-on-year rate in 27 years.

\*The Consumer Price Index, the most commonly used inflation gauge, rose 0.8% in July and on a year-over-year basis jumped 5.6%, its strongest advance since January 1991. Energy rose 4.0% for the month of July, food rose 0.9% and even the core index (ex-food and energy) rose 0.3%.

\*The Federal Reserve reported that industrial production edged up 0.2% in July reflecting gain in output at manufacturing plants.

\*The Commerce Dept. reported that housing starts in July fell 11% to the lowest annual rate in more than 17 years, while building permits tumbled 17.7%.

\*The Philadelphia Fed manufacturing index improved to a negative 12.7 in August from a negative 16.3 in July, indicating a slower pace of decline and its best reading since last December.

\*The Conference Board's index of leading economic indicators declined 0.7% in July, pointing to slow growth for the rest of the year.

\*The National Association of Realtors reported sales of existing homes rose 3.1% to a seasonally adjusted annual rate of 5 million units. The median price for a home sold in July dropped to \$212,400, down by 7.1% from a year ago.

\*The Commerce Dept. reported that sales of new homes in the U.S. grew 2.4% in July to a seasonally-adjusted annual rate of 515,000. The median price of a new home sold in July was

\$230,700, down 6.3% from \$246,200 a year earlier.

\*The median U.S. household income grew 1.3% to \$50,233 in 2008 and poverty remained unchanged at 12.5%, or 37.3 million people.

\*The Commerce Dept. reported that orders for durable goods rose by 1.3% in July, equaling June's strong gain.

\*Personal income fell 0.7% in July, the sharpest decline since a 2.3% plunge in August 2005.

\*Consumer spending, which accounts for about two-thirds of national economic activity, rose 0.2% in July the slimmest gain since February.

\*Inflation, as measured by the year-over-year rise in the personal consumption expenditures index, rose 4.5% in July, the steepest since February 1991.

The Reuters/Univ. of Michigan Surveys of Consumers said its index of consumer confidence edged up to 61.7 in early August from 61.2 in late July. The Conference Board reported that its consumer confidence index rose to 56.9 in August, from a revised 51.9 in July. That's the largest gain since August 2006, as American became more optimistic in the economy amid declining gas prices in August.

## NON-U.S. MARKETS

Euro zone real GDP contracted 0.2% in the second quarter of 2008 – the first quarterly decline in the 10-year history of the euro area. Even so, GDP still posted at 1.5% above a year ago. The other activity data was generally downbeat. Industrial production for the overall Euro zone was unchanged in June. Headline inflation is well above the European's Central Bank's 2.0% threshold. The prospects for poor growth and higher inflation have had a profound impact on European consumer confidence. Retail sales in Spain plunged to a record low in June and Spanish consumer confidence stood at 46.3 in July from a level of 92.5 one year ago.

Real GDP contracted as expected in Japan in Q2 dropping 0.6% on the quarter and reversing a good share of the previous quarter's robust 0.8% gain. On the inflation front, domestic corporate goods prices, similar to producer prices reported in other G7 countries, jumped by 2.0% in July. This jump, the single largest monthly gain in 28 years, reflected a surge in energy, metals and utility costs.

India's economic growth is projected to slow to 7.7% this fiscal year; growth has averaged 8.8% the past five years.

Non-U.S. markets were off sharply in the month of August led by emerging markets. The MSCI ACWI Ex-U.S. was down by -4.7% (US dollars) in August. Developed stocks (EAFE) were down -4.0 % while Emerging Markets were down by -8.0%.

## CONCLUSIONS

We have seen about \$500 billion in bank write-offs so far in this credit crisis. The majority of the write-offs have been mortgage-related. To date, we have not seen the write-offs that will most likely come as consumers start defaulting on credit cards, auto loans, and other consumer debt related loans. We would also suspect additional write-offs to come from commercial real estate and/or corporate loans as the sub-par economic growth progresses. The IMF suggests that the total write-offs by all banks might reach \$1 trillion. Banks over time will have to increase their loan loss provisions that will hit both earnings and their capital. We believe that many banks and investment banks still have not fully written down the value of their inventories to true market clearing levels. We therefore believe the current challenging investment environment will not end any time soon. The excesses of poor credit judgment and the process of de-leveraging will take a while to unwind.

# MARKET UPDATE

For August 2008

US Equity Indices	Style	Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad US Equity	1.55%	(7.57%)	(10.39%)	(10.22%)	3.92%	7.57%	5.52%
Russell 200	Large Cap Equity	1.18%	(7.89%)	(12.12%)	(11.40%)	3.40%	5.98%	3.50%
Russell 200 Growth	Large Cap Growth	1.15%	(7.11%)	(10.04%)	(6.45%)	4.08%	4.97%	1.26%
Russell 200 Value	Large Cap Value	1.22%	(8.72%)	(14.24%)	(16.11%)	2.78%	7.12%	5.35%
S&P 500	Large Cap Equity	1.45%	(7.89%)	(11.39%)	(11.14%)	3.66%	6.92%	4.68%
Russell 1000	Large Cap Equity	1.38%	(8.12%)	(11.02%)	(10.60%)	3.85%	7.41%	5.21%
Russell 1000 Growth	Large Cap Growth	1.08%	(7.99%)	(9.82%)	(6.77%)	4.39%	6.09%	2.59%
Russell 1000 Value	Large Cap Value	1.70%	(8.37%)	(12.42%)	(14.66%)	3.15%	8.55%	6.95%
Russell Mid Cap	Mid Cap Equity	1.85%	(8.68%)	(8.26%)	(8.60%)	5.01%	11.22%	10.46%
Russell Mid Cap Growth	Mid Cap Growth	0.92%	(10.02%)	(9.53%)	(7.57%)	5.34%	9.69%	8.05%
Russell Mid Cap Value	Mid Cap Value	2.86%	(7.39%)	(7.05%)	(10.44%)	4.20%	11.90%	10.86%
Russell 2000	Small Cap Equity	3.61%	(0.82%)	(2.62%)	(5.48%)	4.80%	9.55%	9.53%
Russell 2000 Growth	Small Cap Growth	2.48%	(1.38%)	(4.50%)	(3.79%)	5.87%	8.67%	6.96%
Russell 2000 Value	Small Cap Value	4.75%	(0.44%)	(0.71%)	(7.52%)	3.59%	10.25%	11.28%
DJW US REIT Index	REITS	2.27%	(6.44%)	1.68%	(8.65%)	5.48%	14.31%	13.76%

## Non-US Indices

MSCI ACWI Ex-US	Broad Non-US Equity	(4.68%)	(15.66%)	(17.45%)	(12.59%)	10.19%	15.65%	N/A-
MSCI AC World Index	Global Equity	(2.16%)	(12.52%)	(14.90%)	(11.94%)	6.95%	11.06%	N/A-
MSCI EAFE	Developed Non-US Equity	(4.03%)	(14.68%)	(16.93%)	(13.96%)	8.57%	14.34%	6.75%
MSCI Emerging Mkts.	Emerging Non-US Equity	(7.95%)	(20.18%)	(21.67%)	(9.83%)	19.38%	23.90%	17.74%
ML GI Govt Bond ex. US	Global Bonds	(2.75%)	(2.20%)	2.72%	9.66%	5.32%	7.24%	6.15%
Euro	Currency	(5.64%)	(5.26%)	0.70%	8.00%	6.18%	6.04%	2.79%
Japanese Yen	Currency	(0.41%)	(2.73%)	2.94%	6.81%	0.80%	1.46%	2.67%
UK Pound Sterling	Currency	(7.92%)	(7.70%)	(8.37%)	(9.57%)	0.47%	2.89%	0.86%

## US Fixed Income Indices

Merrill Lynch 3-month T-Bill	Cash	0.15%	0.46%	1.29%	2.57%	4.13%	3.23%	3.50%
Lehman Aggregate	Core Bonds	0.95%	0.79%	2.00%	5.86%	4.26%	4.61%	5.58%
Lehman US Universal	Core Bonds Plus	0.88%	0.73%	1.57%	5.21%	4.22%	4.84%	5.83%
Lehman Gov't/Credit	Core Bonds	0.92%	0.92%	1.91%	5.81%	4.03%	4.52%	5.57%
LB US Credit	Corporate Bonds	0.79%	0.20%	(0.28%)	2.71%	2.65%	4.05%	5.55%
LB Mortgage Backed Securities	Mortgages	1.25%	1.05%	3.06%	7.03%	5.08%	5.04%	5.73%
Merrill Lynch High Yield Master II	High Yield Bonds	0.32%	(3.93%)	(2.55%)	(1.33%)	3.52%	6.65%	5.25%

(not annualized if less than 1 year)

Source: mpi Stylus

Preliminary data

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING AUGUST 31, 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	553,486,075	43.4%	46.4%	36.5% - 56.3%
INTERNATIONAL EQUITIES	234,812,781	18.4%	20.0%	16.0% - 24.0%
FIXED INCOME	446,280,281	35.0%	30.6%	27.6% - 33.6%
REAL ESTATE	17,872,663	1.4%	3.0%	1.5% - 4.5%
CASH (equity managers only)	24,222,342	1.9%	0.0%	0.0% - 3.0%
<b>TOTAL PORTFOLIO</b>	<b>1,276,674,141</b>	<b>100.0%</b>	<b>100.0%</b>	

	<u>CURRENT</u>	<u>TARGET</u>
DODGE & COX - LARGE CAP VALUE	16.8%	17.5%
DELAWARE - LARGE CAP GROWTH	8.6%	8.9%
LOOMIS SAYLES - LARGE CAP GROWTH	5.7%	5.9%
RUSSELL 2000 VALUE i-Shares	5.3%	5.0%
MAZAMA - SMALL CAP GROWTH	3.9%	4.3%
BNY - S&P 500 INDEX	4.5%	4.8%
LSV ASSET MGMT - INTL EQ	9.1%	10.0%
PYRAMIS - INTL EQ	9.8%	10.0%
DODGE & COX FIXED INCOME	35.0%	30.6%
INVESCO - GLOBAL REIT	1.4%	3.0%
<b>TOTALS</b>	<b>100%</b>	<b>100%</b>

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING AUGUST 31, 2008**  
PRELIMINARY BASIS

**GROWTH OF ASSETS AND CHANGES IN ALLOCATION**

<u>ASSET CLASS</u>	<u>CURRENT</u>	<u>PRIOR</u>		<u>PRIOR</u>	
<u>MARKET VALUE</u>	<u>MONTH</u>	<u>MONTH</u>	<u>% CHANGE *</u>	<u>YEAR</u>	<u>% CHANGE *</u>
DOMESTIC EQUITIES	553,486,075	545,152,619	1.53%	667,865,461	-17.13%
INTERNATIONAL EQUITIES	234,812,781	248,084,162	-5.35%	295,205,878	-20.46%
FIXED INCOME	446,280,281	446,838,588	-0.12%	438,919,522	1.68%
REAL ESTATE	17,872,663	18,317,405	-2.43%	0	N/A
CASH (equity managers only)	24,222,342	23,620,040	2.55%	11,613,963	108.56%
<b>TOTAL PORTFOLIO</b>	<b>1,276,674,141</b>	<b>1,282,012,813</b>	<b>-0.42%</b>	<b>1,413,604,824</b>	<b>-9.69%</b>
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	43.35%	42.52%	0.8%	47.25%	-3.9%
INTERNATIONAL EQUITIES	18.39%	19.35%	-1.0%	20.88%	-2.5%
FIXED INCOME	34.96%	34.85%	0.1%	31.05%	3.9%
REAL ESTATE	1.40%	1.43%	0.0%	0.00%	1.4%
CASH (equity managers only)	1.90%	1.84%	0.1%	0.82%	1.1%
<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 AUGUST 31, 2008**  
PRELIMINARY BASIS

MANAGER ALLOCATION

ASSET CLASS	MARKET VALUE	PERCENT	POLICY TARGET	RANGE
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	214,258,579	16.8%	17.5%	14.5% - 20.5%
DELAWARE - LARGE CAP GROWTH	109,791,236	8.6%	8.9%	6.9% - 10.9%
LOOMIS SAYLES - LARGE CAP GROWTH	72,414,206	5.7%	5.9%	4.5% - 7.3%
RUSSELL 2000 Value i-Shares	67,570,725	5.3%	5.0%	3.9% - 6.1%
MAZAMA - SMALL CAP GROWTH	49,814,333	3.9%	4.3%	2.9% - 5.7%
BNY - S&P 500 INDEX	<u>58,058,754</u>	4.5%	<u>4.8%</u>	3.8% - 5.8%
TOTAL DOMESTIC EQUITIES	571,907,833	44.8%	46.4%	
FIXED INCOME				
DODGE & COX	<u>446,280,281</u>	35.0%	<u>30.6%</u>	27.6% - 33.6%
TOTAL FIXED INCOME	446,280,281	35.0%	30.6%	
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	115,897,995	9.1%	10.0%	8.0% - 12.0%
PYRAMIS	<u>124,715,370</u>	9.8%	<u>10.0%</u>	8.0% - 12.0%
TOTAL INTERNATIONAL EQUITIES	<u>240,613,364</u>	18.8%	<u>20.0%</u>	
REAL ESTATE				
INVESCO	<u>17,872,663</u>	1.4%	<u>3.0%</u>	1.5% - 4.5%
TOTAL REAL ESTATE	17,872,663	1.4%	3.0%	
TOTAL StanCERA PORTFOLIO	<u><u>1,276,674,141</u></u>	100.0%	<u>100.0%</u>	

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING 8/31/08**  
**PRELIMINARY**

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
<b>DOMESTIC EQUITIES</b>				
DODGE & COX - LARGE CAP VALUE	14,747,787		199,510,792	214,258,579
DELAWARE - LARGE CAP GROWTH	521,705		109,269,531	109,791,236
LOOMIS SAYLES - LARGE CAP GROWTH	469,677		71,944,529	72,414,206
RUSSELL 2000 Value i-Shares	2,482,930		65,087,795	67,570,725
MAZAMA - SMALL CAP GROWTH	199,660		49,614,674	49,814,333
BNY - S&P 500 INDEX	0		58,058,754	58,058,754
TOTAL DOMESTIC EQUITIES	18,421,759		553,486,075	571,907,833
<b>FIXED INCOME</b>				
DODGE & COX	9,654,186	436,626,095		446,280,281
TOTAL FIXED INCOME	9,654,186	436,626,095		446,280,281
<b>INTERNATIONAL INVESTMENTS</b>				
LSV ASSET MGMT.	3,514,527		112,383,468	115,897,995
PYRAMIS	2,286,056		122,429,313	124,715,370
TOTAL INTERNATIONAL EQUITIES	5,800,583		234,812,781	240,613,364
<b>REAL ESTATE</b>				
INVESCO	0		17,872,663	17,872,663
TOTAL REAL ESTATE	0		17,872,663	17,872,663
<b>TOTAL STANCERA PORTFOLIO</b>	<b>33,876,527</b>	<b>436,626,095</b>	<b>806,171,519</b>	<b>1,276,674,141</b>

2.7%      34.2%      63.1%      100.0%

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING AUGUST 31, 2008**  
**PRELIMINARY BASIS**

**CURRENT PERFORMANCE**

	MARKET VALUE	AUGUST	ALPHA	JULY	ALPHA	FISCAL YTD	ALPHA
<b>DOMESTIC EQUITIES</b>							
<b>DODGE &amp; COX - LARGE CAP VALUE</b>	<b>199,510,792</b>	<b>0.85%</b>	<b>-0.85%</b>	<b>1.04%</b>	<b>1.40%</b>	<b>1.90%</b>	<b>0.57%</b>
<i>RUSSELL 1000 VALUE</i>		<i>1.70%</i>		<i>-0.36%</i>		<i>1.33%</i>	
<b>DELAWARE - LARGE CAP GROWTH</b>	<b>109,269,531</b>	<b>1.77%</b>	<b>0.69%</b>	<b>-2.00%</b>	<b>-0.10%</b>	<b>-0.27%</b>	<b>0.57%</b>
<i>RUSSELL 1000 GROWTH</i>		<i>1.08%</i>		<i>-1.90%</i>		<i>-0.84%</i>	
<b>LOOMIS SAYLES - LARGE CAP GROWTH</b>	<b>71,944,529</b>	<b>-2.35%</b>	<b>-3.43%</b>	<b>-3.63%</b>	<b>-1.73%</b>	<b>-5.89%</b>	<b>-5.05%</b>
<i>RUSSELL 1000 GROWTH</i>		<i>1.08%</i>		<i>-1.90%</i>		<i>-0.84%</i>	
<b>R2000 V i-Shares</b>	<b>65,087,795</b>	<b>5.08%</b>	<b>0.33%</b>	<b>4.46%</b>	<b>-0.67%</b>	<b>9.76%</b>	<b>-0.36%</b>
<i>RUSSELL 2000 VALUE</i>		<i>4.75%</i>		<i>5.13%</i>		<i>10.12%</i>	
<b>MAZAMA - SMALL CAP GROWTH</b>	<b>49,614,674</b>	<b>2.04%</b>	<b>0.36%</b>	<b>-3.41%</b>	<b>-3.06%</b>	<b>-1.44%</b>	<b>-2.76%</b>
<i>RUSSELL 2500 GROWTH</i>		<i>1.68%</i>		<i>-0.35%</i>		<i>1.31%</i>	
<b>BNY - S&amp;P 500 INDEX</b>	<b>58,058,754</b>	<b>1.45%</b>	0.00%	<b>-0.83%</b>	0.01%	<b>0.61%</b>	<b>0.01%</b>
<i>S&amp;P 500</i>		<i>1.45%</i>		<i>-0.84%</i>		<i>0.60%</i>	
<b>TOTAL DOMESTIC EQUITY</b>	<b>553,486,075</b>	<b>1.25%</b>	<b>-0.30%</b>	<b>-0.40%</b>	<b>0.40%</b>	<b>0.85%</b>	<b>0.11%</b>
<i>Russell 3000 Index</i>		<i>1.55%</i>		<i>-0.80%</i>		<i>0.74%</i>	
<b>FIXED INCOME</b>							
<b>DODGE &amp; COX</b>	<b>446,280,281</b>	<b>0.55%</b>	<b>-0.40%</b>	<b>-0.51%</b>	<b>-0.43%</b>	<b>0.04%</b>	<b>-0.83%</b>
<i>LEHMAN AGGREGATE BOND</i>		<i>0.95%</i>		<i>-0.08%</i>		<i>0.87%</i>	
<b>INTERNATIONAL INVESTMENTS</b>							
<b>LSV ASSET MGMT</b>	<b>112,383,468</b>	<b>-4.04%</b>	<b>0.64%</b>	<b>-3.36%</b>	<b>0.24%</b>	<b>-7.26%</b>	<b>0.85%</b>
<i>MSCI ACWI Free ex-US</i>		<i>-4.68%</i>		<i>-3.60%</i>		<i>-8.11%</i>	
<b>PYRAMIS</b>	<b>122,429,313</b>	<b>-4.97%</b>	<b>-0.29%</b>	<b>-4.36%</b>	<b>-0.76%</b>	<b>-9.11%</b>	<b>-1.00%</b>
<i>MSCI ACWI Free ex-US</i>		<i>-4.68%</i>		<i>-3.60%</i>		<i>-8.11%</i>	
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>234,812,781</b>	<b>-4.52%</b>	<b>0.16%</b>	<b>-3.88%</b>	<b>-0.28%</b>	<b>-8.22%</b>	<b>-0.11%</b>
<i>MSCI ACWI Free ex-US</i>		<i>-4.68%</i>		<i>-3.60%</i>		<i>-8.11%</i>	
<b>REAL ESTATE</b>							
<b>INVESCO</b>	<b>17,872,663</b>	<b>-2.43%</b>	<b>-0.36%</b>	<b>0.56%</b>	<b>-0.26%</b>	<b>-1.88%</b>	<b>-0.61%</b>
<i>FTSE EPRA/NAREIT Global REIT</i>		<i>-2.07%</i>		<i>0.82%</i>		<i>-1.27%</i>	
<b>CASH &amp; SHORT-TERM INVESTMENTS</b>							
<b>CASH</b>	<b>24,222,342</b>	<b>0.22%</b>	<b>0.08%</b>	<b>0.22%</b>	<b>0.08%</b>	<b>0.44%</b>	<b>0.16%</b>
<i>90 DAY TREASURY BILL</i>		<i>0.14%</i>		<i>0.14%</i>		<i>0.28%</i>	
<b>TOTAL StanCERA Fund</b>	<b>1,276,674,141</b>	<b>-0.18%</b>	<b>-0.37%</b>	<b>-1.13%</b>	<b>-0.30%</b>	<b>-1.31%</b>	<b>-0.67%</b>
<i>Policy Index</i>		<i>0.19%</i>		<i>-0.83%</i>		<i>-0.64%</i>	
<i>Actuary Rate of Assumption (8.16%)</i>		<i>0.66%</i>	<b>-0.84%</b>	<i>0.66%</i>	<b>-1.79%</b>	<i>1.33%</i>	<b>-2.64%</b>
<i>Actuary Rate of Inflation (4.00%)</i>		<i>0.33%</i>	<b>-0.51%</b>	<i>0.33%</i>	<b>-1.46%</b>	<i>0.67%</i>	<b>-1.98%</b>