



StanCERA

**Monthly Investment Performance
Summary**

**Provided by
Strategic Investment Solutions Inc.**

October 2008

U.S. EQUITY

October was the worst month for the S&P 500 index in 21 years, since the 1987 stock market crash. However, the final week was the best week for the market in 34 years. October, not surprisingly, was the most volatile in the 80-year history of the S&P 500. The huge gains of the final week of the month were reminiscent of the sharp recoveries from bear market lows in 1974 and 1982. Both of those moves came while the economy was mired in recession, as it is now. If the lows on Oct. 27th prove to be the low prices for this cycle, the bear market will have ended with the S&P 500 down 46 percent from the highs reached in October 2007. The 1973-74 bear market saw a similar decline of 48 percent and the 2000-2002 bear market saw a decline of 49 percent in the S&P 500 Index. Bear market rallies can be explosive as the final week move may turn out to be just that. Should the market retest the October lows and hold we will be quite encouraged. The volatility was not limited to stock prices. Oil prices fell 33 percent in October, making this the worst month for that market since oil futures began trading in 1983. Oil was down to \$68 a barrel, from a peak of \$145 in July.

In normal periods, the market goes years without having a day in which an index closes up or down at least 4 percent in any day. There were none from 2003 to 2007. In October, there were nine such days. Two days during October ended with the S&P 500 Index gaining more than 9 percent, something that has happened only nine times in the prior 80 years. For the month, the S&P 500 Index was still down 16.8 percent, its worst showing since it fell 21.8 percent in October 1987. If the rebound in the final week when the S&P 500 was up 10.5% proves out that the bear market of 2007-2008 has ended, it lasted just over a year and hit bottom on Monday, October, 27 at 848.9. It recovered to 968.8 by month's end. Given the backdrop of a global recession and still mired in the midst of a

financial credit crisis we would caution restraint in making a statement that the bear market is over.

Investors began to shift their focus from the credit crisis to worrisome corporate profit forecasts that are raising fears of a deep economic slowdown. While the financial breakdown has been countered by serious government responses, concern has now rolled over to the real economic impact. Forced sales by funds continue to put severe pressure on asset pricing. Any doubts that the US economy is now in recession has been dispelled by extremely weak data reports over the recent weeks.

Growth and value were equally bad in large caps which were down less than small caps in the volatile month of October. The Russell 1000 Growth Index was down -17.6% for the month of October, while the Russell 1000 Value Index was down -17.3%. In the small cap class, the Russell 2000 Growth Index was down -21.7% and the Russell 2000 Value Index was up down -20.0%. The S&P 500 Index was down for the month of October by -16.8%.

Richard Russell of the Dow Theory Letters in looking at whether we might have made a bottom in equity markets during the month of October wrote, "On October 8, 2008 we had 2,223 new lows on the NYSE with 3,202 stocks traded, that meant an amazing 67% of all stocks on the NYSE hit new lows. I took that as evidence that the internal bottom was in. The Dow on that day was 8,579. The big question I ask myself now is – Have we seen the lows for this bear market? From the October 9, 2007 Dow high of 14,164 to the recent closing low of 8,143 on October 27th the Dow suffered a loss of 42%, enough to label it an important bear market. We had a series of 90% down days on October 9, 15, 18 and 22. Then on the 28th, we finally experienced a 90% up day. Since then, the market action has been fairly good with the Dow closing the month at 9,322, an impressive 754 points above the Dow level of

8,579 at the internal low. Often at important bottoms, the averages will retest the previous lows. This does not have to happen, but it would be a huge help if the averages test the lows, and at the same time produce a non-confirmation.”

Corporate merger activity highlights for the month included: Eli Lilly will acquire cancer-drug developer ImClone Systems for \$6.5 billion; Microchip Technology and ON Semiconductor unveiled a \$2.3 billion joint offer to acquire Atmel; BNP Paribas cut a deal to take control of Fortis' operations in Belgium and Luxembourg, as well as the international banking franchises, for \$19.8 billion; Hartford Financial Services will receive a \$2.5 billion investment from Allianz; Bank of Nova Scotia, Canada's 3rd largest bank, will acquire the Sun Life Financial stake in money manager CI Financial Income Fund for \$2.1 billion; Symantec will buy MessageLabs, a provider of online messaging and Web security services, for \$695 million; Commonwealth Bank of Australia acquired two units of HBOS for \$1.5 billion; Iceland took control of Kaupthing, the country's largest bank; Wells Fargo sealed a \$11.7 billion deal to acquire Wachovia; Mitsubishi UFJ, Japan's largest bank, purchased a 21% stake in Morgan Stanley for \$9 billion; Exelon, the largest nuclear power operator in the U.S., made a \$6.2 billion unsolicited offer to by NRG Energy; General Motors is exploring the sale of AC Delco, its global aftermarket parts business, to raise cash; Samsung Electronics withdrew its \$5.85 billion offer to acquire SanDisk; PNC Financial Services will acquire National City Corp. for \$5.2 billion; CenturyTel will buy larger peer Embarq in a deal valued at \$11.6 billion; GM and Cerberus Capital Management asked the U.S. government for roughly \$10 billion to support a merger between GM and Chrysler; and, Delta Airlines bought Northwest Airlines in a \$2.6 billion merger to create the world's biggest airline.

FIXED INCOME

The gross domestic product, the broadest barometer of the nation's economic health, shrank at a 0.3% annual rate in the 3rd quarter, the worst showing since contracting at a 1.4% pace in the 3rd quarter of 2001.

The U.S. Treasury Dept. and the FDIC announced on October 15, 2008 the most extraordinary in their series of measures aimed at restoring confidence in the financial system. Treasury will use \$250 billion of its \$700 billion Troubled Asset Relief Program (TARP) to recapitalize U.S. banks, while the FDIC will use its systematic risk authority to guarantee senior unsecured debt (including commercial paper, interbank funding, promissory notes, and any unsecured portion of secured debt) issued by FDIC-insured banks, thrifts and certain holding companies until June 30, 2009, with the guarantee to extend to June 30, 2012. The recapitalization program will inject \$125 billion into new senior preferred shares (much like Buffett with Goldman Sachs) at nine large systematically important financial institutions, with another \$125 billion to be made available on the same basis to other banks and bank holding companies. In spite of these moves, distrustful lenders are hoarding their reserves delaying the benefit "main street" was hoping for from these actions. Meanwhile, the auto industry has begun actively lobbying for financial assistance from TARP.

Long-term interest rates were higher in October. The bellwether 10-year Treasury note ended the month at 3.97% up from 3.83% at the close of September. At month-end, the 30-year long bond yield was 4.37% and the 3-month T-bill was at 0.44%. The Lehman Aggregate Index was down by -2.4% in October. Spreads continued to widen as evidenced by the Merrill Lynch High Yield Master II index which was down a large -16.3% in the month of October.

Investors in U.S. Treasuries are expecting a yield on the two-year note below 1.0%, a level that has not been seen since 1977. In October, the Fed cut its fed-funds target rate to 1.0%, matching the level seen in 2003. HSBC economists expect the Fed to trim the target rate to zero sometime

in 2009, which would push the two-year note's yield to well below 1.0%.

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

*The Institute of Supply Management said its index of national factory activity fell to 43.5 in September from 49.9 in August and under the level of 50 that separates contraction from expansion. The ISM non-manufacturing index came in at 50.2 in September, slightly below the 50.6 reading in August.

*The Commerce Dept. reported that U.S. factory orders declined 4% in August, the fastest rate in two years.

*The number of initial job claims was 497,000 for the week ended Sept. 27, the highest since Sept. 2001.

*The American Farm Bureau reported that a basket of 16 basic food items cost \$48.68 over the past three months, up 10.5% from a year ago.

*Total consumer credit card debt fell in August, the first decline in over a decade.

*Nearly 74% of retailers who reported September same-store sales results missed expectations.

*The Commerce Dept. reported that the trade deficit declined by 3.5% in August to \$59.1 billion.

*Consumer spending excluding autos fell 2.4% in September on a seasonally adjusted basis compared with a 0.4% increase in August.

*Of the 75.6 million homes in the U.S. that were owner-occupied in 2007, 24.9 million were owned free and clear.

*The average employee's health care costs, including premiums and out-of-pocket expenses, will increase 8.9% in 2009, according to Hewitt Associates.

*Retail sales fell 1.2% in September to a seasonally adjusted \$375 billion, the sharpest drop since August 2005.

*The Federal Reserve reported that industrial production plunged 2.8% in September, on top of a 1% drop in August.

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*The Labor Dept. reported that the producer price index dropped 0.4% in September.

*The New York Fed's Empire State index of general business conditions tumbled in October to the lowest reading since its inception in 2001, at minus 24.6.

*Consumer prices were flat in September as energy costs fell, more evidence that short-term inflation pressures are on the decline.

*The Federal Reserve reported that industrial production plunged 2.8% last month, on top of a 1% drop in August.

*Social security benefits for 50 million people will increase 5.8% for the average retiree in January.

*The Commerce Dept. reported that construction of single-family homes dropped 12% to a 544,000 annual rate in September, the slowest pace since August 1982.

*The Conference Board reported that the index of leading economic indicators rose 0.3% in September, marking the first gain since April.

*The number of home foreclosures grew by more than 70% in the 3rd quarter compared with the same period in 2007.

*The National Association of Realtors reported that sales of existing homes rose by 5.5% in September compared to August, the best showing since July 2003. The Commerce Dept. also reported that sales of new homes rose an estimated 2.7% in September.

*The median sales price of existing homes dropped to \$191,600, down by 9% from a year ago and the lowest since April, 2004. In the 3rd quarter, almost one out of five homeowners owed more on their loans than their house was worth.

*The Commerce Dept. reported that personal income rose 0.2% in September.

*The national average price of regular gasoline is at \$2.50 a gallon.

The Conference Board's consumer confidence index fell to 38.0 in October, down from 61.4 in September and the lowest reading on record. The UM/Reuters consumer sentiment index fell to 57.5 in October, compared with a reading of 70.3 in late September. Bridgewater states that "U.S. consumers have had a good long term track record at identifying current business conditions, probably because they work for businesses and can see how things are going. Consumers are now as pessimistic about future business conditions as they were in 1980. The current readings are consistent with -3% real GDP growth."

NON-U.S. MARKETS

The Bank of Japan cut its economic assessment in all of the country's nine regions for the first time, citing slowing exports and weak household spending. Japan may have entered a recession even before the global financial crisis deepened last month as the economy shrank in the second quarter and factory output, machine orders and household spending fell in August.

The outlook of financial experts on the German economy deteriorated sharply in October in light of the financial market crisis, offsetting all of last month's recovery, while their assessment of the current situation also plunged, the Center for European Economic Research (ZEW) said.

Non-U.S. markets were off sharply in the month of October led by emerging markets. The MSCI ACWI Ex-U.S. was down by -22.0% (US dollars) in October. Developed stocks (EAFE) were down -20.2% while Emerging Markets were down by -27.3%.

CONCLUSIONS

The Federal Reserve and U.S. Treasury see that their primary function within the current financial crisis to get the credit markets functioning again and thus allowing (or forcing) banks to recapitalize and start extending credit once again. It appears that the \$250 billion program of equity investments in the major banks was more or less mandatory even though the program is "voluntary."

Generally, it is impossible and dangerous to predict when markets bottom and conversely top out. That said, in severe bear markets stock prices bottom months or years ahead of the worst of the fundamental factors. That is because fear and forced selling usually precede the deterioration in fundamentals and there is a high probability that is where we are right now. Warren Buffett is personally moving from Treasuries to high quality (sustainable capital structure) U.S. stocks based upon valuations at a time when fear is prevalent within the markets. Buffett says that he can't time the exact bottom of the markets but he does believe stocks are a good value looking out over the next few years. Buffett's simple rule dictates his buying: "Be fearful when others are greedy, and be greedy when others are fearful."

MARKET UPDATE

For October 2008

US Equity Indices	Style	Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad US Equity	(17.74%)	(24.31%)	(33.21%)	(36.60%)	(5.46%)	0.46%	1.05%
Russell 200	Large Cap Equity	(15.52%)	(21.70%)	(31.99%)	(35.26%)	(4.92%)	(0.16%)	(0.58%)
Russell 200 Growth	Large Cap Growth	(15.91%)	(23.49%)	(31.95%)	(34.65%)	(5.14%)	(1.52%)	(3.02%)
Russell 200 Value	Large Cap Value	(15.13%)	(19.80%)	(32.06%)	(35.88%)	(4.60%)	1.36%	1.54%
S&P 500	Large Cap Equity	(16.79%)	(23.11%)	(32.84%)	(36.10%)	(5.21%)	0.26%	0.40%
Russell 1000	Large Cap Equity	(17.46%)	(24.30%)	(33.55%)	(36.80%)	(5.51%)	0.37%	0.75%
Russell 1000 Growth	Large Cap Growth	(17.61%)	(26.36%)	(34.31%)	(36.95%)	(5.90%)	(1.29%)	(2.10%)
Russell 1000 Value	Large Cap Value	(17.31%)	(22.08%)	(32.90%)	(36.80%)	(5.24%)	1.90%	2.79%
Russell Mid Cap	Mid Cap Equity	(22.35%)	(30.61%)	(37.50%)	(40.67%)	(7.06%)	1.76%	4.94%
Russell Mid Cap Growth	Mid Cap Growth	(21.95%)	(33.26%)	(40.17%)	(42.65%)	(7.70%)	(0.18%)	2.19%
Russell Mid Cap Value	Mid Cap Value	(22.76%)	(27.74%)	(34.70%)	(38.83%)	(6.82%)	2.97%	5.74%
Russell 2000	Small Cap Equity	(20.80%)	(24.48%)	(29.02%)	(34.16%)	(4.79%)	1.57%	4.90%
Russell 2000 Growth	Small Cap Growth	(21.70%)	(28.83%)	(33.68%)	(37.87%)	(5.31%)	(0.13%)	1.63%
Russell 2000 Value	Small Cap Value	(19.98%)	(20.10%)	(24.27%)	(30.54%)	(4.49%)	3.05%	7.40%
DJW US REIT Index	REITS	(32.38%)	(31.14%)	(31.54%)	(41.48%)	(7.02%)	4.58%	8.92%

Non-US Indices

MSCI ACWI Ex-US	Broad Non-US Equity	(22.02%)	(36.83%)	(45.30%)	(48.53%)	(4.34%)	4.61%	N/A-
MSCI AC World Index	Global Equity	(19.81%)	(31.35%)	(40.29%)	(43.57%)	(5.04%)	2.13%	N/A-
MSCI EAFE	Developed Non-US Equity	(20.17%)	(34.44%)	(43.25%)	(46.34%)	(4.83%)	4.04%	2.05%
MSCI Emerging Mkts.	Emerging Non-US Equity	(27.35%)	(44.83%)	(53.05%)	(56.22%)	(0.07%)	9.87%	10.07%
ML GI Govt Bond ex. US	Global Bonds	(2.19%)	(6.45%)	(1.19%)	0.79%	5.43%	5.14%	4.60%
Euro	Currency	(9.72%)	(18.73%)	(13.27%)	(12.35%)	1.92%	1.75%	0.65%
Japanese Yen	Currency	7.95%	9.90%	13.59%	17.22%	5.78%	2.25%	1.71%
UK Pound Sterling	Currency	(9.35%)	(18.43%)	(18.83%)	(22.22%)	(3.00%)	(0.98%)	(0.36%)

US Fixed Income Indices

Merrill Lynch 3-month T-Bill	Cash	0.07%	0.34%	1.48%	2.05%	3.98%	3.23%	3.44%
Lehman Aggregate	Core Bonds	(2.36%)	(2.76%)	(1.74%)	0.30%	3.60%	3.48%	5.00%
Lehman US Universal	Core Bonds Plus	(3.59%)	(4.56%)	(3.92%)	(2.24%)	2.91%	3.29%	5.04%
Lehman Gov't/Credit	Core Bonds	(2.50%)	(4.10%)	(3.16%)	(1.06%)	3.02%	3.08%	5.00%
LB US Credit	Corporate Bonds	(5.81%)	(11.30%)	(12.24%)	(11.36%)	(0.77%)	0.95%	4.04%
LB Mortgage Backed Securities	Mortgages	(1.26%)	0.73%	2.53%	4.62%	5.33%	4.65%	5.56%
Merrill Lynch High Yield Master II High Yield Bonds		(16.30%)	(23.00%)	(25.20%)	(26.52%)	(4.67%)	0.20%	2.70%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING OCTOBER 31, 2008
PRELIMINARY BASIS

SUMMARY OF INVESTMENTS

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			NEW TARGET	RANGE
DOMESTIC EQUITIES	395,498,599	39.7%	46.4%	36.5% - 56.3%
INTERNATIONAL EQUITIES	152,354,920	15.3%	20.0%	16.0% - 24.0%
FIXED INCOME	411,533,189	41.3%	30.6%	27.6% - 33.6%
REAL ESTATE	12,610,431	1.3%	3.0%	1.5% - 4.5%
<u>CASH (equity managers only)</u>	<u>25,099,876</u>	<u>2.5%</u>	<u>0.0%</u>	<u>0.0% - 3.0%</u>
TOTAL PORTFOLIO	997,097,016	100.0%	100.0%	

	CURRENT	TARGET
DODGE & COX - LARGE CAP VALUE	15.5%	17.5%
DELAWARE - LARGE CAP GROWTH	8.0%	8.9%
LOOMIS SAYLES - LARGE CAP GROWTH	5.1%	5.9%
RUSSELL 2000 VALUE i-Shares	5.2%	5.0%
MAZAMA - SMALL CAP GROWTH	3.4%	4.3%
BNY - S&P 500 INDEX	4.4%	4.8%
LSV ASSET MGMT - INTL EQ	7.6%	10.0%
PYRAMIS - INTL EQ	8.3%	10.0%
DODGE & COX FIXED INCOME	41.3%	30.6%
INVESCO - GLOBAL REIT	1.3%	3.0%
<u>TOTALS</u>	<u>100%</u>	<u>100%</u>

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING OCTOBER 31, 2008
PRELIMINARY BASIS

GROWTH OF ASSETS AND CHANGES IN ALLOCATION

<u>ASSET CLASS</u>	<u>CURRENT</u>	<u>PRIOR</u>		<u>PRIOR</u>	
MARKET VALUE	MONTH	MONTH	% CHANGE *	YEAR	% CHANGE *
DOMESTIC EQUITIES	395,498,599	483,926,027	-18.27%	690,226,087	-42.70%
INTERNATIONAL EQUITIES	152,354,920	196,538,745	-22.48%	328,551,901	-53.63%
FIXED INCOME	411,533,189	427,239,689	-3.68%	450,542,811	-8.66%
REAL ESTATE	12,610,431	16,409,347	-23.15%	0	N/A
CASH (equity managers only)	25,099,876	26,768,120	-6.23%	22,680,932	10.67%
TOTAL PORTFOLIO	997,097,016	1,150,881,928	-13.36%	1,492,001,731	-33.17%
ASSET ALLOCATION (ACTUAL)					
DOMESTIC EQUITIES	39.67%	42.05%	-2.4%	46.26%	-6.6%
INTERNATIONAL EQUITIES	15.28%	17.08%	-1.8%	22.02%	-6.7%
FIXED INCOME	41.27%	37.12%	4.2%	30.20%	11.1%
REAL ESTATE	1.26%	1.43%	-0.2%	0.00%	1.3%
CASH (equity managers only)	2.52%	2.33%	0.2%	1.52%	1.0%
TOTAL PORTFOLIO	100.0%	100.0%	0.0%	100.0%	0.0%

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

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING OCTOBER 31, 2008
PRELIMINARY BASIS

MANAGER ALLOCATION

<u>ASSET CLASS</u>	<u>MARKET VALUE</u>	<u>PERCENT</u>	<u>POLICY TARGET</u>	<u>RANGE</u>
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	154,359,014	15.5%	17.5%	14.5% - 20.5%
DELAWARE - LARGE CAP GROWTH	79,954,724	8.0%	8.9%	6.9% - 10.9%
LOOMIS SAYLES - LARGE CAP GROWTH	50,606,305	5.1%	5.9%	4.5% - 7.3%
RUSSELL 2000 Value i-Shares	52,338,760	5.2%	5.0%	3.9% - 6.1%
MAZAMA - SMALL CAP GROWTH	33,517,563	3.4%	4.3%	2.9% - 5.7%
BNY - S&P 500 INDEX	<u>43,994,283</u>	<u>4.4%</u>	<u>4.8%</u>	3.8% - 5.8%
TOTAL DOMESTIC EQUITIES	414,770,650	41.6%	46.4%	
FIXED INCOME				
DODGE & COX	<u>411,533,189</u>	<u>41.3%</u>	<u>30.6%</u>	27.6% - 33.6%
TOTAL FIXED INCOME	411,533,189	41.3%	30.6%	
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	75,628,682	7.6%	10.0%	8.0% - 12.0%
PYRAMIS	<u>82,554,064</u>	<u>8.3%</u>	<u>10.0%</u>	8.0% - 12.0%
TOTAL INTERNATIONAL EQUITIES	<u>158,182,746</u>	<u>15.9%</u>	<u>20.0%</u>	
REAL ESTATE				
INVESCO	<u>12,610,431</u>	<u>1.3%</u>	<u>3.0%</u>	1.5% - 4.5%
TOTAL REAL ESTATE	12,610,431	1.3%	3.0%	
TOTAL StanCERA PORTFOLIO	<u><u>997,097,016</u></u>	<u><u>100.0%</u></u>	<u><u>100.0%</u></u>	

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING 10/31/08
PRELIMINARY

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	13,777,920		140,581,095	154,359,014
DELAWARE - LARGE CAP GROWTH	1,545,504		78,409,220	79,954,724
LOOMIS SAYLES - LARGE CAP GROWTH	544,949		50,061,356	50,606,305
RUSSELL 2000 Value i-Shares	2,736,502		49,602,258	52,338,760
MAZAMA - SMALL CAP GROWTH	667,176		32,850,387	33,517,563
BNY - S&P 500 INDEX	0		43,994,283	43,994,283
TOTAL DOMESTIC EQUITIES	19,272,051		395,498,599	414,770,650
FIXED INCOME				
DODGE & COX	9,091,211	402,441,978		411,533,189
TOTAL FIXED INCOME	9,091,211	402,441,978		411,533,189
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	3,761,374		71,867,308	75,628,682
PYRAMIS	2,066,451		80,487,612	82,554,064
TOTAL INTERNATIONAL EQUITIES	5,827,825		152,354,920	158,182,746
REAL ESTATE				
INVESCO	0		12,610,431	12,610,431
TOTAL REAL ESTATE	0		12,610,431	12,610,431
TOTAL STANCERA PORTFOLIO	34,191,087	402,441,978	560,463,951	997,097,016

3.4% 40.4% 56.2% 100.0%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING OCTOBER 31, 2008
PRELIMINARY BASIS

CURRENT PERFORMANCE

	MARKET VALUE	OCT.	ALPHA	SEPT.	ALPHA	FISCAL YTD	ALPHA
DOMESTIC EQUITIES							
DODGE & COX - LARGE CAP VALUE	140,581,095	-17.55%	-0.24%	-12.62%	-5.27%	-26.59%	-4.23%
<i>RUSSELL 1000 VALUE</i>		<i>-17.31%</i>		<i>-7.35%</i>		<i>-22.36%</i>	
DELAWARE - LARGE CAP GROWTH	78,409,220	-15.26%	2.35%	-14.06%	-2.48%	-27.37%	0.40%
<i>RUSSELL 1000 GROWTH</i>		<i>-17.61%</i>		<i>-11.58%</i>		<i>-27.77%</i>	
LOOMIS SAYLES - LARGE CAP GROWTH	50,061,356	-17.21%	0.40%	-15.58%	-4.00%	-34.23%	-6.46%
<i>RUSSELL 1000 GROWTH</i>		<i>-17.61%</i>		<i>-11.58%</i>		<i>-27.77%</i>	
R2000 V i-Shares	49,602,258	-20.09%	-0.11%	-3.07%	1.62%	-14.98%	1.03%
<i>RUSSELL 2000 VALUE</i>		<i>-19.98%</i>		<i>-4.69%</i>		<i>-16.01%</i>	
MAZAMA - SMALL CAP GROWTH	32,850,387	-21.83%	0.69%	-13.92%	-0.70%	-33.69%	-1.80%
<i>RUSSELL 2500 GROWTH</i>		<i>-22.52%</i>		<i>-13.22%</i>		<i>-31.89%</i>	
BNY - S&P 500 INDEX	43,994,283	-16.83%	-0.04%	-8.89%	0.02%	-23.77%	-0.02%
<i>S&P 500</i>		<i>-16.79%</i>		<i>-8.91%</i>		<i>-23.75%</i>	
TOTAL DOMESTIC EQUITY	395,498,599	-17.70%	0.04%	-11.88%	-2.48%	-26.86%	-1.94%
<i>Russell 3000 Index</i>		<i>-17.74%</i>		<i>-9.40%</i>		<i>-24.92%</i>	
FIXED INCOME							
DODGE & COX	411,533,189	-3.00%	-0.64%	-3.62%	-2.28%	-6.48%	-3.64%
<i>LEHMAN AGGREGATE BOND</i>		<i>-2.36%</i>		<i>-1.34%</i>		<i>-2.84%</i>	
INTERNATIONAL INVESTMENTS							
LSV ASSET MGMT	71,867,308	-22.89%	-0.87%	-15.38%	-0.36%	-39.48%	-0.37%
<i>MSCI ACWI Free ex-US</i>		<i>-22.02%</i>		<i>-15.02%</i>		<i>-39.11%</i>	
PYRAMIS	80,487,612	-21.52%	0.50%	-15.65%	-0.63%	-39.83%	-0.72%
<i>MSCI ACWI Free ex-US</i>		<i>-22.02%</i>		<i>-15.02%</i>		<i>-39.11%</i>	
TOTAL INTERNATIONAL EQUITY	152,354,920	-22.18%	-0.16%	-15.52%	-0.50%	-39.66%	-0.55%
<i>MSCI ACWI Free ex-US</i>		<i>-22.02%</i>		<i>-15.02%</i>		<i>-39.11%</i>	
REAL ESTATE							
INVESCO	12,610,431	-23.15%	4.72%	-8.19%	1.07%	-30.77%	4.61%
<i>FTSE EPRA/NAREIT Global REIT</i>		<i>-27.87%</i>		<i>-9.26%</i>		<i>-35.38%</i>	
CASH & SHORT-TERM INVESTMENTS							
CASH	25,099,876	0.16%	0.09%	0.21%	0.09%	0.81%	0.32%
<i>90 DAY TREASURY BILL</i>		<i>0.07%</i>		<i>0.12%</i>		<i>0.49%</i>	
Total StanCERA Fund	997,097,016	-13.14%	0.85%	-9.64%	-1.79%	-22.54%	-1.29%
<i>Policy Index</i>		<i>-13.99%</i>		<i>-7.85%</i>		<i>-21.25%</i>	
<i>Actuary Rate of Assumption (8.16%)</i>		<i>0.66%</i>	<i>-13.80%</i>	<i>0.66%</i>	<i>-10.30%</i>	<i>2.67%</i>	<i>-25.21%</i>
<i>Actuary Rate of Inflation (4.00%)</i>		<i>0.33%</i>	<i>-13.47%</i>	<i>0.33%</i>	<i>-9.97%</i>	<i>1.33%</i>	<i>-23.87%</i>