



StanCERA

**Monthly Investment Performance
Summary**

**Provided by
Strategic Investment Solutions Inc.**

February 2009

U.S. EQUITY

A Commerce Department report showed the U.S. economy contracted at a staggering -6.2% pace in the final quarter of 2008, the worst reading since 1982, ending the discussion regarding whether the U.S. is in a deflationary environment. For all of 2008, the economy grew by just 1.1%, weaker than the government initially estimated.

U.S. stocks closed sharply lower on Tuesday, February 10th after a speech by Treasury Secretary Geithner did little to allay concerns about the government's ability to restore the health of the banking industry and revive the economy due to the absence of detail about the plan. The S&P 500 Index closed the day before Geithner's speech at 870 and over the next 9 trading days dropped to 743 a decline of -14.6%. Banking stocks such as Citigroup and Bank of America led the decline amid talk and speculation that the government might have to nationalize the hardest hit companies. Federal regulators responded by saying that they will launch a revamped program to shore up the nation's troubled banks that includes the option of increasing government ownership in financial institutions. The latest drop in equity markets is also probably a realization that expectations for a quick fix by some have been unrealistic. Even the latest announcements and actions by the government will most likely not be enough to start the economy and repair the bank balance sheets very quickly.

The U.S. Senate also on Tuesday, February 10th, approved an \$838 billion economic stimulus package in a 61 to 37 vote.

February followed the worst January ever by declining sharply. Growth outperformed value on a relative basis and large caps slightly outperformed small caps. The Russell 1000 Growth Index was down -7.5% for the month of February, while the Russell 1000 Value Index was

down -13.4%. In the small cap class, the Russell 2000 Growth Index was down -10.3% and the Russell 2000 Value Index was down -13.9%. The S&P 500 Index ended the month down -10.6% with a trailing 12-month P/E ratio of 10.5 (estimated P/E ratio of 12.2 on forward looking twelve-month operating earnings) and a dividend yield of 3.7%.

Companies that make up the S&P 500 Index are on track to post a collective quarterly loss for the first time ever.

Corporate merger activity highlights for the month included: Roche Holding launched a \$42 billion hostile bid for Genentech; Anheuser Busch InBev is seeking bids of as much as \$2.5 billion for its South Korean unit; Live Nation, the world's largest concert promoter, will buy Ticketmaster, in a deal worth \$2.5 billion; Berkshire Hathaway made a \$2.6 billion investment in Swiss Re, the world's second largest reinsurer; American Home Mortgage Servicing, owned by investor William Ross, will pay Citigroup \$1.5 billion for the rights to service 185,000 home loans; Chinalco will invest \$19 billion in Rio Tinto; Liberty Media agreed to lend \$530 million to Sirius XM Radio in exchange for a 40% equity stake; Kirin will buy a 43% stake in Miguel's beer unit for an estimated \$1.06 billion; Medtronic acquired two cardio vascular tech companies, CoreValue and Vantor Technologies, for \$1.25 billion; Canada's International Petroleum Investment will buy NOVA Chemicals for \$2.3 billion; Swedish state-owned utility Vattenfall offered \$10.9 billion in cash for Dutch energy firm Nuon; and, Canadian fertilizer maker Agrium offered to buy U.S. rival CF Industries.

Buyout firms and their portfolio companies that want to repurchase their troubled debt at a discount could reap a windfall from the economic stimulus plan awaiting approval by Congress if they can find the money to act.

FIXED INCOME

The Fed predicts that unemployment will reach between 8.5% and 8.8% this year, from the current level of 7.6%.

Long-term interest rates rose in the month of February. The bellwether 10-year Treasury note ended the month at 3.03% up from 2.84% at the close of January. At month-end, the 30-year long bond yield was 3.72% and the 3-month T-bill was at 0.25%. The Barclays Capital US Aggregate Index was down by -0.38% in February. The Merrill Lynch High Yield Master II index was the weakest sector for the month, down by -3.5% in February.

The recent steepening of the Treasury curve reflects concerns regarding an increased supply of U.S. Government debt coming to the market in the near term and the disappointment regarding the FOMC potential purchasing of Treasury purchases. In addition, there is continued worry that surplus countries such as China, Japan, and Middle-Eastern countries will no longer support this market as they have in the past.

On the economic front, the following rather depressing key data was released in February:

*Americans boosted their savings rate to 3.6% in December, the highest level since tax rebate checks temporarily pushed the rate up to 4.8% in May.

*The Commerce Dept. reported that total construction spending dropped by 1.4% in December and fell a record 5.1% for the year.

*The National House of Realtors Pending Home Sales Index, based on contracts signed in December, surged 6.3% to 87.7, rising for the first time since August.

*Ford's U.S. vehicle sales plunged 42%, GM's dropped 49%, Toyota's fell 32% and Honda's declined 28% in January.

*The U.S. housing market lost \$3.3 trillion in value last year and almost one in six owners with mortgages owed more than their homes were worth.

*The Institute for Supply Management's index of non-manufacturing businesses rose to 42.9 in January.

*A survey finds 84% of cities reporting fiscal difficulties, up from 64%.

*New orders for manufacturing goods fell 3.9% in December for the 5th consecutive month of declines, the longest downward streak since comparable data was first published in 1992.

*The Labor Dept. reported that employers eliminated 598,000 jobs in January, the most since 1974 as the unemployment rate rose to 7.6%.

*The Commerce Dept. reported that wholesale inventories plunged by 1.4%, nearly double analysts' expectations of 0.8% and the steepest drop since records began in January 1992.

*The Commerce Dept. also reported that the U.S. trade deficit in December dropped 4% to 39.9 billion from \$41.6 billion in November.

*The Treasury Dept. reported a budget deficit of \$84.0 billion in January compared with a surplus of \$17.8 billion one year ago.

*Retail sales unexpectedly rose 1% on a seasonally adjusted basis in January, marking the first increase since June and the largest percentage increase since January 2007.

*Prices of existing U.S. single-family homes dropped a record 12.4% to \$180,100 in the 4th quarter from a year earlier, the lowest level since 2003.

*The New York Federal Reserve's Empire State factory index fell to minus 34.65, the lowest in history of the index dating back to 2001.

*Housing starts fell 16.8% to a seasonally adjusted annual rate of 466,000 units, the lowest since the Commerce Dept. stated keeping records in 1959.

*The Federal Reserve reported that industrial production fell 1.8% in January.

*The Labor Dept. reported that prices of imported goods and services dropped 1.1% in January and is down a record 12.5% in the past year.

*The New York Conference Board reported that its January index of leading economic indicators rose 0.4%, the 2nd straight monthly gain.

*California lawmakers in Sacramento passed the state's budget, closing a \$42 billion deficit.

*The Labor Dept. reported that consumer prices rose by 0.3% in January while the year-over-year inflation rate was unchanged, the first time that reading has not shown a year-over-year increase since August 1955.

*Prices of U.S. single-family homes fell 18.5% in December from a year earlier, the biggest drop since the data began 21 years ago and suggested prices will probably continue to fall in the months ahead as additional foreclosures hit the market.

*Commercial real estate prices fell almost 15% in 2008.

*Sales of newly built U.S. single-family homes slumped to a record low in January, while manufacturers saw orders for big ticket goods plunge 5.2%.

*JP Morgan Chase warned that up to 41% of its more credit-worthy home equity borrowers will owe more than their homes are worth by the end of 2010.

The Reuters/Univ. of Michigan preliminary index of consumer sentiment fell to 56.2 in February, from 61.2 in January. The New York based Conference Board's Consumer Confidence Index plummeted more than 12 points in February to a reading of 25. The majority of the economic releases in February continued to be extremely downbeat, although there were a few comparatively bright spots. But make no mistake, the overall message of the data shows the economy remains in the middle of a severe recession, with no clear signs that it is poised to recover any time soon, especially with consumer confidence (spending) at such low readings.

NON-U.S. MARKETS

The global coordination of central banks reducing interest rates continued in the month of February.

The Bank of England cut its official Bank Rate another 50 basis points to a record low of 1.00%. The cut is the fifth in five months, dropping the rate 400 basis points since October. Industrial production in England dropped by 1.7% in December, the eighth straight monthly decline.

The European Central Bank left interest rates unchanged as expected at 2.0%. ECB President Trichet was downbeat about near term growth prospects and stated that the markets might be right to count on a 50 basis points cut at the next meeting. Markets thus believe that the ECB will cut its rate to 1.5% on March 5, after which the Bank may be done easing. German industrial production plunged a greater than expected 4.6% in December. Factory orders in Germany dropped by 6.9% in December the fourth sizable consecutive drop.

The Reserve Bank of Australia cut its cash target another 100 basis points to 3.25%. This was the fifth cut in six months, totaling a full four percentage points since September.

Exports in China in January fell 17.5% year-over-year from -2.8% year-over-year in December. South Korea reported Q4 GDP had declined by 5.6% quarter-over-quarter. On a U.S. style of reporting, the South Korean economy contracted at a 20% annualized rate in Q4.

Japan's economy contracted at its sharpest pace since 1974 in its fiscal third quarter ending December. The economy contracted -12.7% on an annualized basis in the October to December period, or -3.3% from the previous quarter. Japan's industrial production plunged 9.6% in December from the previous month, the sharpest drop on record, and is expected to

continue in the short-term as the global recession forces temporary shutdowns at car and electronics makers. Export nations such as China, Germany, South Korea and Japan are especially vulnerable to the current global economic slow down.

Non-U.S. markets were lower in the month of February led by developed markets. The MSCI ACWI Ex-U.S. was down by -9.3% (US dollars) in February. Developed stocks (EAFE) were down -10.2% while Emerging Markets were down by -5.6%. Japan's Topix index is at a 26-year low.

CONCLUSIONS

Random thoughts:

If 2008 was the year of credit spreads widening in the corporate bond market we suspect that 2009 and 2010 will be the years of bankruptcies (defaults) and corporate restructuring. U.S. companies also are facing a greater risk of liquidation because sources of financing to allow them to reorganize are drying up in the global financial crisis.

State and local governments are the largest employer in the U.S. employing 20 million people, or 15% of the total work force. There is now a huge budget problem at the state and municipal levels, they need financial help. The Federal Government will have to provide support for this critical part of the economy.

It appears that the fate of the global economy is in the hands of policy makers who operate in a framework of printing money as a cure all. Massive deleveraging combined with large government borrowing will complicate decision-making and obscure recovery paths for some time.

Recession or depression? Recessions are generally brought about when the Federal

Reserve in an effort to halt over-speculation, irrational exuberance and/or an overheating economy raises interest rates high enough to slow the economy. A recession is thus a managed contraction in real GDP brought on by tight central bank policy that ends when the central bank eases. A depression is an unmanaged, self-reinforcing economic contraction brought on by debt and debt service payments being too high relative to the cash flows to service them, in which monetary policy is ineffective. What we do know is that the U.S. economy is in as severe a recession as we have seen in the post-World War II period.

Some analysts say that over-capacity is so rampant that it will be a drag on government efforts to unfreeze the credit markets. Banks have little reason to lend not only because they still have bad debt on their balance sheets but also because businesses face huge competition and their outlooks are very uncertain at the moment.

Trading in ETF's now accounts for more than 70% of the overall dollar volume on U.S. equity markets. Thus, there is little "real" buying of individual stocks and correlations between individual stocks are thus now well above their historical levels. In such an environment, stock picking strategies that rely strictly on relative valuation metrics (this stock is cheap and this one is expensive) have been challenged.

MARKET UPDATE

For February 2009

US Equity Indices	Style	Month	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad US Equity	(10.48%)	(17.99%)	(43.51%)	(15.46%)	(6.40%)	(2.72%)
Russell 200	Large Cap Equity	(10.48%)	(18.03%)	(42.45%)	(14.40%)	(6.84%)	(4.52%)
Russell 200 Growth	Large Cap Growth	(7.49%)	(12.05%)	(37.68%)	(11.98%)	(6.47%)	(6.52%)
Russell 200 Value	Large Cap Value	(13.68%)	(23.96%)	(47.10%)	(16.84%)	(7.23%)	(2.77%)
S&P 500	Large Cap Equity	(10.65%)	(18.18%)	(43.32%)	(15.11%)	(6.64%)	(3.43%)
Russell 1000	Large Cap Equity	(10.34%)	(17.66%)	(43.62%)	(15.23%)	(6.38%)	(3.02%)
Russell 1000 Growth	Large Cap Growth	(7.52%)	(11.97%)	(40.03%)	(13.35%)	(6.35%)	(5.58%)
Russell 1000 Value	Large Cap Value	(13.36%)	(23.32%)	(47.35%)	(17.31%)	(6.65%)	(1.23%)
Russell Mid Cap	Mid Cap Equity	(9.95%)	(16.61%)	(46.56%)	(17.29%)	(5.21%)	1.69%
Russell Mid Cap Growth	Mid Cap Growth	(7.61%)	(11.77%)	(45.81%)	(16.67%)	(5.68%)	(1.22%)
Russell Mid Cap Value	Mid Cap Value	(12.49%)	(21.52%)	(47.66%)	(18.39%)	(5.38%)	2.41%
Russell 2000	Small Cap Equity	(12.15%)	(21.92%)	(42.38%)	(17.85%)	(6.68%)	1.22%
Russell 2000 Growth	Small Cap Growth	(10.35%)	(17.17%)	(41.94%)	(17.27%)	(6.89%)	(2.10%)
Russell 2000 Value	Small Cap Value	(13.89%)	(26.19%)	(43.03%)	(18.58%)	(6.64%)	3.90%
DJW US REIT Index	REITS	(21.85%)	(35.98%)	(59.36%)	(26.56%)	(8.96%)	3.38%
Non-US Indices							
MSCI ACWI Ex-US	Broad Non-US Equity	(9.30%)	(17.30%)	(51.27%)	(14.17%)	(1.65%)	0.60%
MSCI AC World Index	Global Equity	(9.73%)	(17.41%)	(47.87%)	(14.52%)	(4.01%)	(1.61%)
MSCI EAFE	Developed Non-US Equity	(10.23%)	(19.02%)	(49.94%)	(14.89%)	(2.84%)	(0.65%)
MSCI Emerging Mkts.	Emerging Non-US Equity	(5.62%)	(11.68%)	(56.03%)	(11.65%)	3.69%	8.03%
ML Global Ex-US Bond	Global Bonds	(3.92%)	(8.26%)	(5.52%)	5.97%	4.14%	5.30%
Euro	Currency	(0.89%)	(8.63%)	(16.34%)	2.13%	0.44%	1.47%
Japanese Yen	Currency	(8.21%)	(7.35%)	6.40%	5.78%	2.23%	1.95%
British Pound	Currency	(1.13%)	(0.86%)	(28.35%)	(6.63%)	(5.14%)	(1.16%)
US Fixed Income Indices							
ML 3-month T-Bill	Cash	0.03%	0.04%	1.11%	3.51%	3.18%	3.29%
Barclays US Aggregate	Core Bonds	(0.38%)	(1.26%)	2.06%	4.95%	4.00%	5.61%
Barclays US Universal	Core Bonds Plus	(0.53%)	(1.09%)	(0.19%)	4.03%	3.69%	5.55%
ML US Gov't/Credit	Core Bonds	(0.77%)	(2.41%)	(0.13%)	4.46%	3.60%	5.51%
ML US Corporate Master	Corporate Bonds	(1.56%)	(1.23%)	(9.10%)	0.11%	1.11%	4.50%
Barclays Mortgage Backed Securitie Mortgages		0.58%	0.77%	7.17%	6.81%	5.39%	6.09%
Merrill Lynch High Yield Master II High Yield Bonds		(3.47%)	1.66%	(23.23%)	(5.79%)	(0.83%)	2.14%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING FEBRUARY 28, 2009
PRELIMINARY BASIS

SUMMARY OF INVESTMENTS

ASSET CLASS	MARKET VALUE	PERCENT	NEW TARGET	POLICY RANGE
DOMESTIC EQUITIES	318,788,649	36.5%	46.4%	36.5% - 56.3%
INTERNATIONAL EQUITIES	147,793,263	16.9%	20.0%	16.0% - 24.0%
FIXED INCOME	378,472,190	43.3%	30.6%	27.6% - 33.6%
REAL ESTATE	8,668,849	1.0%	3.0%	1.5% - 4.5%
CASH (equity managers only)	20,568,719	2.4%	0.0%	0.0% - 3.0%
TOTAL PORTFOLIO	874,291,670	100.0%	100.0%	

	CURRENT	TARGET
DODGE & COX - LARGE CAP VALUE	13.3%	17.5%
DELAWARE - LARGE CAP GROWTH	8.3%	8.9%
LOOMIS SAYLES - LARGE CAP GROWTH	5.2%	5.9%
CAPITAL PROSPECTS	4.5%	5.0%
LEGATO CAPITAL	2.7%	4.3%
BNY - S&P 500 INDEX	4.4%	4.8%
LSV ASSET MGMT - INTL EQ	8.5%	10.0%
PYRAMIS - INTL EQ	8.8%	10.0%
DODGE & COX FIXED INCOME	43.3%	30.6%
INVESCO - GLOBAL REIT	1.0%	3.0%
TOTALS	100%	100%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING FEBRUARY 28, 2009
PRELIMINARY BASIS

GROWTH OF ASSETS AND CHANGES IN ALLOCATION

<u>ASSET CLASS</u>	<u>CURRENT MONTH</u>	<u>PRIOR MONTH</u>	<u>% CHANGE *</u>	<u>PRIOR YEAR</u>	<u>% CHANGE *</u>
MARKET VALUE					
DOMESTIC EQUITIES	318,788,649	351,693,011	-9.36%	572,858,209	-44.35%
INTERNATIONAL EQUITIES	147,793,263	163,642,219	-9.69%	277,262,799	-46.70%
FIXED INCOME	378,472,190	387,986,803	-2.45%	441,042,938	-14.19%
REAL ESTATE	8,668,849	10,236,170	-15.31%	20,000,000	-56.66%
CASH (equity managers only)	20,568,719	21,700,729	-5.22%	24,693,018	-16.70%
TOTAL PORTFOLIO	874,291,670	935,258,931	-6.52%	1,335,856,964	-34.55%
ASSET ALLOCATION (ACTUAL)					
DOMESTIC EQUITIES	36.46%	37.60%	-1.1%	42.88%	-6.4%
INTERNATIONAL EQUITIES	16.90%	17.50%	-0.6%	20.76%	-3.9%
FIXED INCOME	43.29%	41.48%	1.8%	33.02%	10.3%
REAL ESTATE	0.99%	1.09%	-0.1%	1.50%	-0.5%
CASH (equity managers only)	2.35%	2.32%	0.0%	1.85%	0.5%
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 FEBRUARY 28, 2009
PRELIMINARY BASIS

MANAGER ALLOCATION

ASSET CLASS	MARKET VALUE	PERCENT	POLICY TARGET	RANGE
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	116,124,190	13.3%	17.5%	14.5% - 20.5%
DELAWARE - LARGE CAP GROWTH	72,901,752	8.3%	8.9%	6.9% - 10.9%
LOOMIS SAYLES - LARGE CAP GROWTH	45,337,390	5.2%	5.9%	4.5% - 7.3%
CAPITAL PROSPECTS - SMALL CAP VALUE	39,168,219	4.5%	5.0%	3.9% - 6.1%
LEGATO CAPITAL - SMALL CAP GROWTH	23,967,170	2.7%	4.3%	2.9% - 5.7%
BNY - S&P 500 INDEX	<u>38,574,451</u>	4.4%	4.8%	3.8% - 5.8%
TOTAL DOMESTIC EQUITIES	336,073,172	38.4%	46.4%	
FIXED INCOME				
DODGE & COX	<u>378,472,190</u>	43.3%	30.6%	27.6% - 33.6%
TOTAL FIXED INCOME	378,472,190	43.3%	30.6%	
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	74,339,949	8.5%	10.0%	8.0% - 12.0%
PYRAMIS	<u>76,737,510</u>	8.8%	10.0%	8.0% - 12.0%
TOTAL INTERNATIONAL EQUITIES	<u>151,077,459</u>	17.3%	20.0%	
REAL ESTATE				
INVESCO	<u>8,668,849</u>	1.0%	3.0%	1.5% - 4.5%
TOTAL REAL ESTATE	8,668,849	1.0%	3.0%	
TOTAL StanCERA PORTFOLIO	<u><u>874,291,670</u></u>	100.0%	100.0%	

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING 2/28/09
PRELIMINARY

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	8,606,703		107,517,487	116,124,190
DELAWARE - LARGE CAP GROWTH	1,602,768		71,298,984	72,901,752
LOOMIS SAYLES - LARGE CAP GROWTH	2,012,902		43,324,488	45,337,390
CAPITAL PROSPECTS - SMALL CAP VALUE	4,535,433		34,632,786	39,168,219
LEGATO CAPITAL - SMALL CAP GROWTH	526,716		23,440,453	23,967,170
BNY - S&P 500 INDEX	0		38,574,451	38,574,451
TOTAL DOMESTIC EQUITIES	17,284,523		318,788,649	336,073,172
FIXED INCOME				
DODGE & COX	11,170,236	367,301,954		378,472,190
TOTAL FIXED INCOME	11,170,236	367,301,954		378,472,190
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	1,054,468		73,285,481	74,339,949
PYRAMIS	2,229,728		74,507,782	76,737,510
TOTAL INTERNATIONAL EQUITIES	3,284,196		147,793,263	151,077,459
REAL ESTATE				
INVESCO	0		8,668,849	8,668,849
TOTAL REAL ESTATE	0		8,668,849	8,668,849
TOTAL STANCERA PORTFOLIO	31,738,956	367,301,954	475,250,760	874,291,670

3.6% 42.0% 54.4% 100.0%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING FEBRUARY 28, 2009
PRELIMINARY BASIS

CURRENT PERFORMANCE

	MARKET VALUE	FEB.	ALPHA	JAN.	ALPHA	FISCAL YTD	ALPHA
DOMESTIC EQUITIES							
DODGE & COX - LARGE CAP VALUE	107,517,487	-12.45%	0.91%	-9.38%	2.12%	-44.77%	-0.80%
<i>RUSSELL 1000 VALUE</i>		<i>-13.36%</i>		<i>-11.50%</i>		<i>-43.97%</i>	
DELAWARE - LARGE CAP GROWTH	71,298,984	-4.42%	3.10%	-5.34%	-0.53%	-39.33%	1.09%
<i>RUSSELL 1000 GROWTH</i>		<i>-7.52%</i>		<i>-4.81%</i>		<i>-40.42%</i>	
LOOMIS SAYLES - LARGE CAP GROWTH	43,324,488	-5.31%	2.21%	-4.09%	0.72%	-46.78%	-6.36%
<i>RUSSELL 1000 GROWTH</i>		<i>-7.52%</i>		<i>-4.81%</i>		<i>-40.42%</i>	
CAPITAL PROSPECTS*	34,632,786	-11.53%	2.36%	-9.76%	4.53%	-41.82%	0.00%
<i>RUSSELL 2000 VALUE</i>		<i>-13.89%</i>		<i>-14.29%</i>		<i>-41.82%</i>	
LEGATO CAPITAL**	23,440,453	-8.04%	2.31%	-7.80%	-0.19%	-52.58%	-5.17%
<i>RUSSELL 2000 GROWTH***</i>		<i>-10.35%</i>		<i>-7.61%</i>		<i>-47.41%</i>	
BNY - S&P 500 INDEX	38,574,451	-10.64%	0.01%	-8.43%	0.00%	-41.47%	0.01%
<i>S&P 500</i>		<i>-10.65%</i>		<i>-8.43%</i>		<i>-41.48%</i>	
TOTAL DOMESTIC EQUITY	318,788,649	-9.24%	1.24%	-7.62%	0.77%	-43.30%	-1.10%
<i>Russell 3000 Index</i>		<i>-10.48%</i>		<i>-8.39%</i>		<i>-42.20%</i>	
FIXED INCOME							
DODGE & COX	378,472,190	-1.69%	-1.31%	1.09%	1.97%	-0.81%	-3.56%
<i>BARCLAYS US AGGREGATE BOND</i>		<i>-0.38%</i>		<i>-0.88%</i>		<i>2.75%</i>	
INTERNATIONAL INVESTMENTS							
LSV ASSET MGMT	73,285,481	-9.86%	-0.56%	-9.98%	-1.14%	-51.33%	-1.47%
<i>MSCI ACWI Free ex-US</i>		<i>-9.30%</i>		<i>-8.84%</i>		<i>-49.86%</i>	
PYRAMIS	74,507,782	-8.94%	0.36%	-8.02%	0.82%	-50.39%	-0.53%
<i>MSCI ACWI Free ex-US</i>		<i>-9.30%</i>		<i>-8.84%</i>		<i>-49.86%</i>	
TOTAL INTERNATIONAL EQUITY	147,793,263	-9.40%	-0.10%	5.83%	14.67%	-50.87%	-1.01%
<i>MSCI ACWI Free ex-US</i>		<i>-9.30%</i>		<i>-8.84%</i>		<i>-49.86%</i>	
REAL ESTATE							
INVESCO	8,668,849	-15.31%	1.18%	-12.03%	0.83%	-52.41%	3.51%
<i>FTSE EPRA/NAREIT Global REIT</i>		<i>-16.50%</i>		<i>-12.86%</i>		<i>-55.92%</i>	
CASH & SHORT-TERM INVESTMENTS							
CASH	20,568,719	0.07%	0.04%	0.12%	0.03%	1.25%	0.52%
<i>90 DAY TREASURY BILL</i>		<i>0.03%</i>		<i>0.09%</i>		<i>0.73%</i>	
TOTAL StanCERA Fund	874,291,670	-6.22%	0.98%	-4.72%	1.58%	-32.20%	-0.14%
<i>Policy Index</i>		<i>-7.20%</i>		<i>-6.30%</i>		<i>-32.06%</i>	
<i>Actuary Rate of Assumption (8.16%)</i>		<i>0.66%</i>	<i>-6.88%</i>	<i>0.66%</i>	<i>-5.38%</i>	<i>5.45%</i>	<i>-37.65%</i>
<i>Actuary Rate of Inflation (4.00%)</i>		<i>0.33%</i>	<i>-6.55%</i>	<i>0.33%</i>	<i>-5.05%</i>	<i>2.67%</i>	<i>-34.87%</i>

* Capital Prospects funded 12/31/2008 and replaced the Russell 2000 Value ishares. **Legato Capital funded 12/22/2008 and replaced Mazama Capital.