



StanCERA

**Monthly Investment Performance
Summary**

**Provided by
Strategic Investment Solutions Inc.**

June 2009

U.S. EQUITY

Gross domestic product, which measures total output within U.S. borders, dropped at a revised 5.5% annual rate in the 1st quarter after falling 6.3% in the 4th quarter. The global economy is expected to contract by close to 3% this year and remains in a deep recession with sub-par positive growth not expected to resume until 2010. In the U.S., Canada and the U.K, domestic demand has weakened considerably, especially consumer spending. Financial market turbulence and deteriorating growth prospects have prompted aggressive global monetary loosening, leaving administered interest rates around the G7 nations at unusually accommodative levels. (Despite this stance, the risks to global growth still remain to the downside as the U.S. consumer continues to retrench). It is important to remind ourselves that although there have been some early signs of stabilization for the U.S. economy, outright recovery seems to still be in the distant future.

The strength of the equity markets, commodities and junk bonds since March has left financial market participants with a great deal to think about with respect to changes in prices relative to fundamentals. The flow of funds into the perceived riskier asset classes has been considerable over these past few months. Dr. Henry Kaufmann, the veteran Wall Street economist foresees trouble ahead for stocks. It is “difficult to project a significant corporate profit recovery,” he said, and it is likely to become clear later in the year that another bout of fiscal stimulus is needed. Timothy Hayes, chief investment strategist at Ned Davis Research believes that many markets have been returning to more typical ranges in a process of “mean reversion.” Hayes has recently shifted its asset allocation recommendation to the most aggressive rating for equities, a judgment that the stock market rally will continue.

June was a slightly positive month for equities ending one of the best quarters ever. Growth

outperformed Value and small caps outperformed large caps. The Russell 1000 Growth Index was up +1.1% for the month of June, while the Russell 1000 Value Index was down -0.7%. In the small cap class, the Russell 2000 Growth Index was up +3.2% and the Russell 2000 Value Index was down -0.3%. The S&P 500 Index ended the month up +0.2% with a trailing 12-month P/E ratio of 35.4 (estimated P/E ratio of 15.6 on forward looking twelve-month operating earnings) and a dividend yield of 3.0%. Corporate merger activity highlights for the month included: General Dynamics will buy Axsys Technologies, a maker of surveillance and imaging systems, for \$643 million; Intel will buy testing and development software maker Wind River Systems for \$884 million; GM reached a preliminary agreement to sell its Saturn brand to Penske Automotive and Swedish luxury carmaker Koenigsegg and Norwegian investors signed a letter of intent to buy GM's Saab unit; Rio Tinto ended its plans for a \$19.5 billion investment from Chinalco, opting to raise \$21 billion through a rights issue and joint venture with BHP Billiton; BlackRock agreed to buy Barclays Global Investors for \$13.5 billion to create the world's biggest asset manager; Ping An Insurance, China's 2nd largest insurer, will buy a \$3.2 billion stake in Shenzhen Development Bank; IPC Holdings will consider a \$1.7 billion takeover offer from competing reinsurer Validus; Watson Pharmaceuticals will acquire Arrow Group, a generic drug maker, for \$1.75 billion; WebMD Health, a provider of online health information, will buy parent Health Corp. in a \$1.3 billion all-stock deal; Canada's Addax Petroleum will be acquired by Chinese refiner Sinopec in a deal valued at \$7.2 billion; Swiss drug maker Novartis is in talks to buy parts of Irish peer Elan; Consulting firms Towers Perrin Foster & Crosby and Watson Wyatt Worldwide plan to merge in an all stock deal valued at about \$3.5 billion; and Enterprise Products Partners will acquire Teppco Partners for about \$3.3 billion, a deal that analysts say will form the largest U.S. pipeline.

FIXED INCOME

The Fed held its key bank lending rate at a record low between zero and 0.25% and indicated that

rate range will likely remain in place through the rest of the year. The Federal Open Market Committee upgraded its assessment of economic condition slightly in June, stating “household spending has shown further signs of stabilizing.”

Long-term interest rates were steady in the month of June. The bellwether 10-year Treasury note ended the month yielding 3.52% up from 3.47% at the close of May. Recall the yield on the benchmark 10-year Treasury note flirted with 4.0% earlier this month. At month-end, the 30-year long bond yield was 4.31% and the 3-month T-bill was at 0.18%. The Barclays Capital US Aggregate Index was up by +0.57% in June. The Merrill Lynch High Yield Master II index was once again the strongest sector for the month, up by +3.2% in June.

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

*The Commerce Dept. reported that consumer spending slipped 0.1% in April while personal income rose 0.5%, the biggest increase since May last year.

*Construction spending rose 0.8% in April, the largest increase since August.

*The Commerce Dept. reported that factory orders rose 0.7% in April, the 2nd gain in the past 3 months.

*Worker productivity rose at a revised 1.6% rate in the 1st quarter, the fastest since the 3rd quarter of 2008 and well above initial estimates of a 0.8% increase.

*Goldman Sachs/ICSC tally of overall same-store sales fell 4.6% in May.

*The Labor Dept. reported that payrolls declined by 345,000 in May and the unemployment rate rose to 9.4%, the highest since July 1983.

*Consumer borrowing declined by \$15.7 billion (deleveraging) in April, more than double the drop that economists had expected.

*The Commerce Dept. reported that wholesale inventories fell 1.4% in April, more than the

1.1% decline expected and the lowest since September 2007.

*U.S. bankruptcy filings rose 35% to 330,477 filings in the 1st quarter compared to a year earlier.

*The Commerce Dept. reported that the trade deficit rose for a 2nd straight month in April, climbing 2.2% to \$29.2 billion.

*The Federal Reserve reported that household net worth fell 2.6% to \$50.4 trillion in the 1st quarter, the 7th straight quarterly decline and the lowest level since the 3rd quarter in 2004.

*The Commerce Dept. reported that retail sales rose 0.5% in May, the 1st increase in 3 months.

*The Labor Dept. reported that U.S. import prices increased 1.3% in May, led by petroleum prices. Export prices rose 0.6% for the month.

*International investors bought a net \$11.2 billion in long-term U.S. securities in April, down from a revised \$55.4 billion in March.

*The Commerce Dept. reported that construction of new homes and apartments jumped 17.2% in May to a seasonally adjusted annual rate of 532,000 units.

*The Federal Reserve reported that industrial production fell 1.1% in May and has declined for seven straight months.

*Higher energy prices led producer prices to gain 0.2% in May, though year-over-year wholesale prices dropped 5%, the most since 1949.

*The current account trade deficit dropped to \$101.5 billion in the 1st quarter; down 34.5% from the 4th quarter and the lowest since the final quarter of 2001.

*The Labor Dept. reported that the consumer price index rose a seasonally adjusted 0.1% last month.

*The index of U.S. leading economic rose 1.2% in May after a 1.1% gain in April, the best back-to-back performance since November-December 2001.

*Sales of previously owned homes rose a modest 2.4% to an annual rate of 4.77 million units in

May from a downwardly revised 4.66 million units in April.

*Foreclosure filings surpassed 300,000 for a 3rd straight month in May.

*The median national existing home price dropped 16.8% to \$173,000 in May from a year earlier, the third largest drop on record.

*The Commerce Dept. reported that durable goods orders rose 1.8% in May.

*The Commerce Dept. reported that consumer spending rose 0.3% in May and incomes jumped 1.4%, the biggest gain in a year. Commerce also reported that the U.S. savings rate, near zero in early 2008, surged to 6.9% in May, the highest level since December 1993.

*The National Association of Purchasing Management – New York’s monthly measure of business activity tumbled to 44.8 in June from 61.3 in May.

The Reuters/Univ. of Michigan Surveys of Consumers reported that its final index of confidence for June was at 70.8, up from 68.7 in May. However, The Conference Board reported that its Consumer Confidence Index dropped to 49.3 in June from 54.8 in May.

NON-U.S. MARKETS

The Bank of England left its official Bank Rate unchanged at a record low of 0.5% for the third straight month.

The preliminary purchasing managers’ index (PMI) for June suggests that manufacturing activity continues to decline but at a slower pace. The overall Euro zone PMI rose another 1.7 points to 42.4, well below the 50 mark that differentiates expansion and contraction. The June business confidence survey and latest consumer confidence surveys also flashed similar signals, each rising slightly. The ECB says the crisis will cost Euro zone banks \$649 billion of losses by the end of 2010. Only 56% of that has been written off so far.

The Japanese all-industry activity index jumped 2.6% in April, its first gain since October. Despite this gain, activity remains 9.9% lower than a year ago. Deflation in Japan is still an issue. CPI fell 0.4% in May and year-over-year decelerated 1.0%. Japan’s Cabinet Office said core machinery orders were down 5.4% month-on-month in April, the lowest in 22 years.

In the first quarter of 2009 alone, Chinese banks issued loans equal to 86% of their 2008 total under the “emergency credit plan”. This was in response to exports dropping from 20% of Chinese GDP in Q4 2008 to 10% in Q1 2009. The bank lending induced stimulus resulted in an increase in consumer spending and a huge rally in the Shanghai stock market.

Non-U.S. markets were slightly lower in the month of June. The MSCI ACWI Ex-U.S. was down by -1.1% (US dollars) in June. Developed stocks (EAFE) were down -0.5% while Emerging Markets were lower by -1.3%.

CONCLUSIONS

“Less weak” seems to be a reasonable term to describe the current macro-economic condition in the United States. We are quite skeptical about the economy sprouting “green shoots” and we ask ourselves the following questions: 1) What is the probability of a correction in equity, commodity and junk bond markets given recent strong performance? 2) Have these markets fully priced in the fundamentals? 3) To what extent will the return of investor confidence and asset class inflows continue to drive these markets higher? 4) What are the implications of these markets from the recent action of the U.S. dollar and the treasury market yield curve?

We tend to agree with Abraham Gulkowitz of The Punch Line, who states “The distortions,

dislocations and dependencies evident in this crisis took a long time to build up. It will not disappear as a result of one good quarter.”

We also suspect that the rising risk appetite since the market lows in early March reflected by the trend of low quality and higher beta securities performing strongly (small caps and emerging markets in equities; commodities; and junk bonds in debt securities) has now been pretty much played out and could very well be behind us.

The recent price appreciation in global securities has been aided by the central bank liquidity being created along with portfolio managers who have had to play catch up from their previous risk averse positioning. The upturn in markets has also had the effect of increasing consumer confidence in most recent surveys. The problem is that we have yet to see final demand pickup or financial institutions increase their lending. Financial institutions in the U.S. would rather return TARP money than to use that capital to make loans at present. We find that action rather troubling for an immediate improvement for economy activity.

Another continuing challenge for the consumer is the widespread effort by many governmental agencies, service providers and credit card companies to increase service charges, minimum payments and interest rates to make up for the lower volume of revenue. This practice isn't just hurting individuals, small businesses are being particularly challenged. Small businesses are the biggest employers in the U.S. but apparently are too small to save in contrast to the support from the government going to companies that are perceived to be “too big to fail.”

“Less weak” is what we are sticking with for now.

MARKET UPDATE

For June 2009

US Equity Indices	Style	Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad US Equity	0.34%	16.82%	4.20%	(26.56%)	(8.35%)	(1.84%)	(1.46%)
Russell 200	Large Cap Equity	0.21%	14.93%	2.30%	(25.14%)	(7.75%)	(2.52%)	(3.33%)
Russell 200 Growth	Large Cap Growth	1.39%	14.73%	9.69%	(22.00%)	(4.40%)	(2.21%)	(5.14%)
Russell 200 Value	Large Cap Value	(1.10%)	15.14%	(5.02%)	(28.38%)	(11.06%)	(2.84%)	(1.88%)
S&P 500	Large Cap Equity	0.20%	15.93%	3.16%	(26.21%)	(8.22%)	(2.24%)	(2.22%)
Russell 1000	Large Cap Equity	0.24%	16.50%	4.32%	(26.69%)	(8.20%)	(1.85%)	(1.75%)
Russell 1000 Growth	Large Cap Growth	1.12%	16.32%	11.53%	(24.50%)	(5.45%)	(1.83%)	(4.18%)
Russell 1000 Value	Large Cap Value	(0.74%)	16.70%	(2.87%)	(29.03%)	(11.11%)	(2.13%)	(0.15%)
Russell Mid Cap	Mid Cap Equity	0.35%	20.80%	9.96%	(30.36%)	(9.25%)	(0.11%)	3.15%
Russell Mid Cap Growth	Mid Cap Growth	0.46%	20.67%	16.61%	(30.33%)	(7.93%)	(0.44%)	0.02%
Russell Mid Cap Value	Mid Cap Value	0.20%	20.94%	3.19%	(30.52%)	(11.07%)	(0.43%)	4.00%
Russell 2000	Small Cap Equity	1.47%	20.69%	2.64%	(25.01%)	(9.89%)	(1.71%)	2.38%
Russell 2000 Growth	Small Cap Growth	3.24%	23.38%	11.36%	(24.85%)	(7.83%)	(1.32%)	(0.89%)
Russell 2000 Value	Small Cap Value	(0.32%)	18.00%	(5.17%)	(25.24%)	(12.07%)	(2.27%)	5.00%
DJW US REIT Index	REITS	(3.49%)	31.46%	(13.13%)	(45.35%)	(19.73%)	(3.28%)	5.53%

Non-US Indices

MSCI ACWI Ex-US	Broad Non-US Equity	(1.07%)	27.94%	14.35%	(30.54%)	(5.35%)	4.95%	2.91%
MSCI AC World Index	Global Equity	(0.52%)	22.54%	9.59%	(28.86%)	(6.54%)	1.58%	0.20%
MSCI EAFE	Developed Non-US Equity	(0.54%)	25.85%	8.42%	(30.96%)	(7.51%)	2.79%	1.56%
MSCI Emerging Mkts.	Emerging Non-US Equity	(1.33%)	34.84%	36.22%	(27.82%)	3.27%	15.08%	9.00%
ML Global Ex-US Bond	Global Bonds	0.17%	5.47%	(0.71%)	3.75%	7.80%	6.24%	6.60%
Euro	Currency	(0.90%)	5.64%	0.91%	(10.97%)	3.13%	2.89%	3.12%
Japanese Yen	Currency	(1.07%)	2.37%	(6.05%)	9.87%	5.82%	2.49%	2.29%
British Pound	Currency	2.13%	14.90%	14.54%	(17.25%)	(3.80%)	(1.91%)	0.44%

US Fixed Income Indices

ML 3-month T-Bill	Cash	0.00%	0.03%	0.09%	0.60%	2.96%	3.12%	3.14%
Barclays US Aggregate	Core Bonds	0.57%	1.78%	1.90%	6.05%	6.43%	5.01%	5.98%
Barclays US Universal	Core Bonds Plus	0.76%	2.94%	3.35%	4.93%	5.92%	4.95%	6.01%
ML US Gov't/Credit	Core Bonds	0.94%	2.01%	0.80%	4.76%	6.02%	4.73%	5.90%
ML US Corporate Master	Corporate Bonds	3.04%	10.82%	9.23%	2.62%	4.11%	3.65%	5.63%
Barclays Mortgage Backed Securitie	Mortgages	0.13%	0.70%	2.91%	9.38%	7.86%	5.98%	6.29%
Merrill Lynch High Yield Master II	High Yield Bonds	3.18%	23.19%	29.37%	(3.53%)	1.81%	4.10%	4.44%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JUNE 30, 2009
PRELIMINARY BASIS

SUMMARY OF INVESTMENTS

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
DOMESTIC EQUITIES	440,736,427	42.0%	46.4%	36.5% - 56.3%
INTERNATIONAL EQUITIES	206,580,513	19.7%	20.0%	16.0% - 24.0%
FIXED INCOME	378,179,245	36.0%	30.6%	27.6% - 33.6%
REAL ESTATE	12,195,668	1.2%	3.0%	1.5% - 4.5%
SECURITIES LENDING	(2,983,911)	-0.3%	0.0%	0.0% - 0.0%
CASH (equity managers only)	15,116,826	1.4%	0.0%	0.0% - 3.0%
TOTAL PORTFOLIO	1,049,824,768	100.0%	100.0%	

	CURRENT	TARGET
DODGE & COX - LARGE CAP VALUE	14.5%	17.5%
DELAWARE - LARGE CAP GROWTH	9.3%	8.9%
LOOMIS SAYLES - LARGE CAP GROWTH	5.6%	5.9%
CAPITAL PROSPECTS	4.9%	5.0%
LEGATO CAPITAL	4.0%	4.3%
BNY - S&P 500 INDEX	4.6%	4.8%
LSV ASSET MGMT - INTL EQ	10.2%	10.0%
PYRAMIS - INTL EQ	9.9%	10.0%
DODGE & COX FIXED INCOME	36.0%	30.6%
INVESCO - GLOBAL REIT	1.2%	3.0%
TOTALS	100%	100%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JUNE 30, 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	440,736,427	418,275,721	5.37%	554,233,308	-20.48%
INTERNATIONAL EQUITIES	206,580,513	207,476,967	-0.43%	257,949,302	-19.91%
FIXED INCOME	378,179,245	395,447,559	-4.37%	436,520,720	-13.37%
REAL ESTATE	12,195,668	12,240,319	-0.36%	18,214,518	-33.04%
SECURITIES LENDING	(2,983,911)	0		0	
<u>CASH (equity managers only)</u>	<u>15,116,826</u>	<u>16,672,361</u>	<u>-9.33%</u>	<u>20,133,371</u>	<u>-24.92%</u>
TOTAL PORTFOLIO	1,049,824,768	1,050,112,927	-0.03%	1,287,051,218	-18.43%
ASSET ALLOCATION (ACTUAL)					
DOMESTIC EQUITIES	41.98%	39.83%	2.2%	43.06%	-1.1%
INTERNATIONAL EQUITIES	19.68%	19.76%	-0.1%	20.04%	-0.4%
FIXED INCOME	36.02%	37.66%	-1.6%	33.92%	2.1%
REAL ESTATE	1.16%	1.17%	0.0%	1.42%	-0.3%
SECURITIES LENDING	-0.28%	0.00%	-0.3%	0.00%	-0.3%
<u>CASH (equity managers only)</u>	<u>1.44%</u>	<u>1.59%</u>	<u>-0.1%</u>	<u>1.56%</u>	<u>-0.1%</u>
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 JUNE 30, 2009
PRELIMINARY BASIS

MANAGER ALLOCATION

ASSET CLASS	MARKET VALUE	PERCENT	POLICY TARGET	RANGE
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	152,663,106	14.5%	17.5%	14.5% - 20.5%
DELAWARE - LARGE CAP GROWTH	97,763,037	9.3%	8.9%	6.9% - 10.9%
LOOMIS SAYLES - LARGE CAP GROWTH	58,681,030	5.6%	5.9%	4.5% - 7.3%
CAPITAL PROSPECTS - SMALL CAP VALUE	51,152,417	4.9%	5.0%	3.9% - 6.1%
LEGATO CAPITAL - SMALL CAP GROWTH	42,323,461	4.0%	4.3%	2.9% - 5.7%
BNY - S&P 500 INDEX	<u>48,680,258</u>	4.6%	4.8%	3.8% - 5.8%
TOTAL DOMESTIC EQUITIES	451,263,308	43.0%	46.4%	
FIXED INCOME				
DODGE & COX	<u>378,179,245</u>	36.0%	30.6%	27.6% - 33.6%
TOTAL FIXED INCOME	378,179,245	36.0%	30.6%	
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	107,452,078	10.2%	10.0%	8.0% - 12.0%
PYRAMIS	<u>103,718,379</u>	9.9%	10.0%	8.0% - 12.0%
TOTAL INTERNATIONAL EQUITIES	<u>211,170,457</u>	20.1%	20.0%	
REAL ESTATE				
INVESCO	<u>12,195,668</u>	1.2%	3.0%	1.5% - 4.5%
TOTAL REAL ESTATE	12,195,668	1.2%	3.0%	
SECURITIES LENDING	<u>(2,983,911)</u>	-0.3%	0.0%	0.0% - 0.0%
TOTAL StanCERA PORTFOLIO	<u><u>1,049,824,768</u></u>	100.0%	100.0%	

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING 6/30/09
PRELIMINARY

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	6,011,854		146,651,252	152,663,106
DELAWARE - LARGE CAP GROWTH	1,133,694		96,629,343	97,763,037
LOOMIS SAYLES - LARGE CAP GROWTH	166,036		58,514,994	58,681,030
CAPITAL PROSPECTS - SMALL CAP VALUE	2,297,233		48,855,185	51,152,417
LEGATO CAPITAL - SMALL CAP GROWTH	918,065		41,405,396	42,323,461
BNY - S&P 500 INDEX	0		48,680,258	48,680,258
TOTAL DOMESTIC EQUITIES	10,526,882		440,736,427	451,263,308
FIXED INCOME				
DODGE & COX	44,015,609	334,163,637		378,179,245
TOTAL FIXED INCOME	44,015,609	334,163,637		378,179,245
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	2,570,658		104,881,420	107,452,078
PYRAMIS	2,019,286		101,699,093	103,718,379
TOTAL INTERNATIONAL EQUITIES	4,589,944		206,580,513	211,170,457
REAL ESTATE				
INVESCO	0		12,195,668	12,195,668
TOTAL REAL ESTATE	0		12,195,668	12,195,668
SECURITIES LENDING	(2,983,911)			(2,983,911)
TOTAL STANCERA PORTFOLIO	56,148,524	334,163,637	659,512,607	1,049,824,768

5.3%

31.8%

62.8%

100.0%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING JUNE 30, 2009
PRELIMINARY BASIS

CURRENT PERFORMANCE

	MARKET VALUE	JUNE	ALPHA	MAY	ALPHA	FISCAL YTD	ALPHA
DOMESTIC EQUITIES							
DODGE & COX - LARGE CAP VALUE	146,651,252	-0.01%	0.73%	7.07%	0.89%	-27.39%	1.64%
<i>RUSSELL 1000 VALUE</i>		<i>-0.74%</i>		<i>6.18%</i>		<i>-29.03%</i>	
DELAWARE - LARGE CAP GROWTH	96,629,343	-0.19%	-1.31%	6.21%	1.25%	-22.67%	-0.10%
<i>RUSSELL 1000 GROWTH</i>		<i>1.12%</i>		<i>4.96%</i>		<i>-22.57%</i>	
LOOMIS SAYLES - LARGE CAP GROWTH	58,514,994	-1.34%	-2.46%	3.62%	-1.34%	-36.73%	-14.16%
<i>RUSSELL 1000 GROWTH</i>		<i>1.12%</i>		<i>4.96%</i>		<i>-22.57%</i>	
CAPITAL PROSPECTS*	48,855,185	0.63%	0.95%	3.25%	1.11%	-16.91%	8.36%
<i>RUSSELL 2000 VALUE</i>		<i>-0.32%</i>		<i>2.14%</i>		<i>-25.27%</i>	
LEGATO CAPITAL**	41,405,396	4.87%	1.63%	3.21%	-0.66%	-35.79%	-6.48%
<i>RUSSELL 2000 GROWTH***</i>		<i>3.24%</i>		<i>3.87%</i>		<i>-29.31%</i>	
BNY - S&P 500 INDEX	48,680,258	0.22%	0.02%	5.61%	0.02%	-26.13%	0.08%
<i>S&P 500</i>		<i>0.20%</i>		<i>5.59%</i>		<i>-26.21%</i>	
TOTAL DOMESTIC EQUITY	440,736,427	0.12%	-0.22%	5.53%	0.19%	-28.09%	-1.52%
<i>Russell 3000 Index</i>		<i>0.34%</i>		<i>5.34%</i>		<i>-26.57%</i>	
FIXED INCOME							
DODGE & COX	378,179,245	1.49%	0.92%	2.69%	1.96%	6.88%	0.84%
<i>BARCLAYS US AGGREGATE BOND</i>		<i>0.57%</i>		<i>0.73%</i>		<i>6.04%</i>	
INTERNATIONAL INVESTMENTS							
LSV ASSET MGMT	104,881,420	0.26%	1.33%	13.02%	-0.67%	-29.65%	1.10%
<i>MSCI ACWI Free ex-US</i>		<i>-1.07%</i>		<i>13.69%</i>		<i>-30.75%</i>	
PYRAMIS	101,699,093	-0.74%	0.33%	13.20%	-0.49%	-32.95%	-2.20%
<i>MSCI ACWI Free ex-US</i>		<i>-1.07%</i>		<i>13.69%</i>		<i>-30.75%</i>	
TOTAL INTERNATIONAL EQUITY	206,580,513	-0.23%	0.84%	13.11%	-0.58%	-31.34%	-0.59%
<i>MSCI ACWI Free ex-US</i>		<i>-1.07%</i>		<i>13.69%</i>		<i>-30.75%</i>	
REAL ESTATE							
INVESCO	12,195,668	-0.36%	-0.36%	10.82%	-1.81%	-33.04%	2.83%
<i>FTSE EPRA/NAREIT Global REIT</i>		<i>0.00%</i>		<i>12.63%</i>		<i>-35.87%</i>	
SECURITIES LENDING							
BNY MELLON	(2,983,911)	-0.28%					
CASH and SHORT-TERM INVESTMENTS							
CASH	15,116,826	0.06%	0.06%	0.07%	0.05%	1.44%	0.84%
<i>90 DAY TREASURY BILL</i>		<i>0.00%</i>		<i>0.02%</i>		<i>0.60%</i>	
TOTAL StanCERA Fund	1,049,824,768	0.26%	0.07%	5.92%	0.43%	-17.55%	-0.28%
<i>Policy Index</i>		<i>0.19%</i>		<i>5.49%</i>		<i>-17.27%</i>	
<i>Actuary Rate of Assumption (8.16%)</i>		<i>0.66%</i>	<i>-0.40%</i>	<i>0.66%</i>	<i>5.26%</i>	<i>8.16%</i>	<i>-25.71%</i>
<i>Actuary Rate of Inflation (4.00%)</i>		<i>0.33%</i>	<i>-0.07%</i>	<i>0.33%</i>	<i>5.59%</i>	<i>4.00%</i>	<i>-21.55%</i>

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