



**StanCERA**

**Monthly Investment Performance  
Summary**

**Provided by  
Strategic Investment Solutions Inc.**

**July 2009**

## U.S. EQUITY

The improvement in U.S. economic growth rates over the last few months has been directly affected by the rapid and large disbursement of transfers and the tax cut from the stimulus. U.S. growth has gone from collapsing at a -6% rate to improving at a sluggish but at least positive expected 1.5% for the second-half of 2009. The improvement has been about coincidental with the significant rally in equity prices and credit conditions.

July was the best month for U.S. stocks since October 2002. Small caps outperformed large caps and value outperformed growth for the month. The Russell 1000 Growth Index was up +7.1% for the month of July, while the Russell 1000 Value Index was up +8.2%. In the small cap class, the Russell 2000 Growth Index was up +7.8% and the Russell 2000 Value Index was up +11.6%. The S&P 500 Index ended the month up +7.6% with a trailing 12-month P/E ratio of 65.3 (estimated P/E ratio of 16.5 on forward looking twelve-month operating earnings) and a dividend yield of 2.7%.

The second quarter was a remarkable one for corporate dividends. Standard & Poor's recorded an all-time low of 233 dividend increases plus resumptions and extras.

Corporate merger activity highlights for the month included: CenturyTel and Embarq completed their \$11.6 billion merger resulting in a phone company that will serve 7.5 million customers in 33 states; Exelon raised its hostile takeover bid for power producer NRG Energy to \$7.7 billion; EMC boosted its bid to buy specialty storage maker Data Domain to \$2.4 billion, topping a proposal by rival bidder NetApp; Tribune Co. reached a deal to sell the Chicago Cubs to the Ricketts Family for about \$900 million; Rio Tinto will sell its Americas flexible packaging assets to U.S. based Bemis Co. for \$1.2 billion; Japanese brewer Suntory is considering a merger with rival Kirin Holdings in a deal that would create one of the world's largest beverage and food firms; Agilent Technologies, the world's largest maker

of scientific testing equipment, will buy Varian for \$1.5 billion; Sanofi-Aventis will acquire India's Shantha Biotechnics for \$784 million; Citigroup will sell its Japanese asset management unit to Sumitomo Trust & Banking for \$795 million; and, Sanofi-Aventis will buy Merck's half of their Merial animal health venture for \$4 billion to form the world's largest maker of pet and livestock treatments.

## FIXED INCOME

The U.S. economy declined by 1.0 percent in the second quarter of the year. The dip in GDP for the April to June period, reported by the Commerce Dept. comes after the economy was in a free fall, tumbling at an annual rate of 6.4 percent in the first three months of the year. That was the sharpest slide in nearly three decades. The economy has now contracted for a record four straight quarters for the first time on record dating back to 1947. Federal Reserve Chairman Bernanke recently said he thinks the recession will end later this year. The majority of economists also think that the economy will start to grow again – perhaps at around a 1.5 percent pace – in the upcoming July to September quarter. Personal spending, business fixed investment and housing each contributed -0.9% to second quarter growth, meaning the sum of these three core categories was -2.7% annualized. Net exports contributed 1.4% as imports and exports both fell, but imports fell by more. Government spending was the only category of the report that showed a pickup in demand, contributing 1.1% to growth.

The Labor Department reported that the unemployment rate climbed to a 26-year high of 9.5% in June. The IMF expects the world economy to shrink by 1.4% in 2009 but boosted its estimate for global growth in 2010 to 2.5%, up from its April projection of 1.9%. Federal Reserve Chairman Ben Bernanke said that the outlook for the U.S. economy was improving but that supportive policies would be needed for some time to prevent unemployment from undercutting recovery.

The Treasury Dept. reported that the U.S. recorded a federal budget deficit of \$94.3 billion in June, pushing the cumulative deficit so far this year to a record \$1.08 trillion.

Long-term interest rates were steady in the month of July. The bellwether 10-year Treasury note ended the month yielding 3.50% down from 3.52% at the close of June. At month-end, the 30-year long bond yield was 4.31% and the 3-month T-bill was at 0.19%. The Barclays Capital US Aggregate Index was up by +1.61% in July. The Merrill Lynch High Yield Master II index was once again the strongest sector for the month, up by +6.2% in July. The U.S. high yield default rate is expected to end the year in a range of 15% to 18% according to Fitch.

Gary Dorsch, editor of the Global Money Trends Newsletter, said “Foreigners own roughly half of the U.S. government’s publicly traded debt, or \$3.47 trillion, representing nearly 25% of the size of the U.S. economy, the highest level in history. If foreign leaders were to significantly reduce their purchases of U.S. Treasury notes, without even selling their current holdings, U.S. long-term interest rates could go higher, and the U.S. dollar could tumble.”

Van Hoisington, of Hoisington Investment Management Company, counters “In the normal recessions since 1950, the low in inflation was, on average, 29 months after a complete recovery was underway, and bond yields moved in a similar fashion. If this recession were normal, then the low in inflation would be in late 2011, at which time investors would begin to consider shortening the maturity of their Treasury portfolios. However, because of our highly-indebted circumstances and the movement of private sector resources to the public sector, the trough in inflation will be moved out, meaning that the low in Treasury bond yields is a distant event. The path there will be bumpy, as it was in the U.S. from 1929 to 1941 and in Japan from

1989 to 2008. Presently the 10-year yield in Japan stands at 1.3%. Ultimately, our yield level may be similar to that of the Japanese.”

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

\*The Institute for Supply Management’s manufacturing index rose to 44.8% in June from 42.8% in May, the best reading in nine months. The ISM index of non-manufacturing businesses rose to 47.0 in June from 44.0 in May, the highest reading since September 2008.

\*The Commerce Dept. reported that U.S. factory orders rose a better-than-expected 1.2% in May, the most in 11 months.

\*Delinquencies on credit card debt rose to a record 4.75% in the 1<sup>st</sup> quarter from 4.52% in the 4<sup>th</sup> quarter. Moody’s reported that defaults on U.S. credit cards rose to a record 10.76% in June.

\*The Commerce Dept. reported that wholesale inventories dipped 0.8% in May, the 9<sup>th</sup> straight month of declines.

\*The Commerce Dept. reported that the trade deficit narrowed to \$26 billion in May, a drop of 9.8% from April and the lowest level since November 1999.

\*The Labor Dept. reported that the producer price index jumped 1.8% in June, the steepest gain since November 2007.

\*The Commerce Dept. reported that U.S. business inventories fell a greater than expected 1% in May.

\*The Commerce Dept. reported that inflation at the consumer level rose by 0.7% in June, the largest one-month gain since a 0.7% increase last July.

\*The Commerce Dept. reported that U.S. housing starts rose to a seasonally adjusted annual rate of 582,000, up 3.6% from a revised 562,000 in May and the highest level in 7 months. Housing construction looks like it is finally stabilizing at very low levels, as it is still down over 70% from its peak. In terms of the

impact on growth, housing which has averaged a drag of 1% from GDP a year for the last three years appears to be going away.

\*The New York Conference Board reported that its index of leading economic indicators increased 0.7% in June following a revised 1.3% gain in May.

\*The Federal Housing Finance Agency reported that U.S. home prices declined 5.6% in May from a year earlier, the smallest annual drop in 10 months.

\*The National Association of Realtors reported that U.S. existing homes sales rose 3.6% to an annual rate of 4.9 million units in June. The median national price of existing homes fell 15.4% to \$181,800 in June from the same period one year ago.

\*The Commerce Dept. reported that orders for durable goods fell 2.5% last month which was the biggest setback since a 7.6% fall in January.

The economic statistics released during the month of July generally showed improvement when compared to recent months' data. The Index of Leading Economic Indicators has now risen for three straight months, generating an expansion signal that has led some to predict that the economy bottomed in June and that July will be the first month of recovery. Bridgewater believes that the balance of economic data globally continues to be consistent with positive but mediocre growth. US growth through June nets out to about 1%. Emerging economies (excluding China) have been doing better, growing close to 3%.

Confidence among U.S. consumers fell more than forecast in July, reflecting the surge in unemployment. The Conference Board's confidence index dropped to 46.6, a second consecutive decline, following a reading of 49.3 in June.

## NON-U.S. MARKETS

China's annual gross domestic product growth accelerated in the 2<sup>nd</sup> quarter to 7.9% from 6.1% in the 1<sup>st</sup> quarter. The OECD recently revised up its 2009 GDP forecast for China to 7.7% growth. For 2010 it is now forecasting 9.3% growth.

The Bank of England left its official Bank Rate unchanged at 0.5%. Industrial production in England resumed its slide in May, falling 0.6% for the month. The pace of decline appears to be moderating. On the inflation front, producers' output prices (PPI) fell 0.2% in June.

Overall Euro zone GDP fell by a record 2.5% in the first quarter, unchanged from the preliminary estimate. This is the fourth consecutive decline, and leaves GDP lower by 4.9% from a year ago. The May industrial production data surprised to the upside, suggesting that the inventory correction process is at least slowing. In Germany, production jumped 3.7% for the month, its first sizeable gain since last August.

The European Union's financial sector faces potential losses so large that the bloc's governments cannot afford the risk of borrowing additional money to boost Europe's economy stated Fredrik Reinfeldt, Sweden's prime minister.

Japanese deflation continues to intensify. Corporate goods prices fell by 0.3% in June, their tenth consecutive decline.

Non-U.S. markets were higher in the month of July. The MSCI ACWI Ex-U.S. was up by 9.8% (US dollars) in July. Developed stocks (EAFE) were up by +9.1% while Emerging Markets were up by +11.3%.

## CONCLUSIONS

It appears that the financial markets have weathered the financial meltdown and the challenge for investors is how to position oneself

for the sobering post-crash reality that is underway. We suspect that the days of leverage-fueled consumption by citizens in developed nations (particularly the U.S.) are behind us. The economic readjustment of rising unemployment and consumer de-leveraging has created a new economic reality that will be in place for some time. A walk down a local residential street might be met by a number of homes for sale (many are foreclosure depending upon the location); or a walk down a local business street might be met by numerous deserted shops and for lease signs.

In the wake of the collapse in housing, the economy and financial markets, the asset side of American's families has shrunk remarkably. Yet, regular folks and small businesses don't seem to qualify for federal bailouts. Americans have shifted to be net savers (spending less than they earn) and have begun the long process of paying down debt to repair their personal balance sheets. The ramifications of this secular trend (many are calling it a "new normal") will be quite profound. The debt burden has to come down, which most likely means more saving and lower economic growth for many years to come.

Investing behavior may also have to adjust to this "new normal". The investing class may have to become less speculative and the days of returns being generated solely by leverage and low interest rates instead of "old school" smarts may have to go away for awhile. We suspect some of the investment professionals employed by our pension plans will understand this profound change and adapt to reality while some will struggle. PIMCO's Bill Gross believes that the "new normal" is a world of diminished expectations. Households, businesses and governments have too much debt and must de-leverage. The act of de-leveraging will lead to slower economic growth, lower rates of consumption and higher structural unemployment.

We welcome the most recent rally from March that has carried the markets up significantly from those lows and the recently released economic statistics in July that are clearly stronger than the earlier months in 2009. That said we also recognize the severity of the downturn in the economy and financial markets these past couple of years and the challenges that continue to remain with us looking forward.

# MARKET UPDATE

For July 2009

US Equity Indices	Style	Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad US Equity	7.78%	13.92%	12.31%	(20.21%)	(6.00%)	0.42%	(0.41%)
Russell 200	Large Cap Equity	7.19%	13.87%	9.65%	(19.29%)	(5.97%)	(0.52%)	(2.34%)
Russell 200 Growth	Large Cap Growth	6.83%	13.59%	17.18%	(15.77%)	(1.90%)	0.18%	(4.20%)
Russell 200 Value	Large Cap Value	7.57%	14.15%	2.17%	(22.93%)	(9.93%)	(1.25%)	(0.85%)
S&P 500	Large Cap Equity	7.56%	13.81%	10.97%	(19.96%)	(6.16%)	(0.14%)	(1.19%)
Russell 1000	Large Cap Equity	7.63%	13.87%	12.28%	(20.17%)	(5.99%)	0.32%	(0.72%)
Russell 1000 Growth	Large Cap Growth	7.10%	13.67%	19.45%	(17.57%)	(2.64%)	0.70%	(3.21%)
Russell 1000 Value	Large Cap Value	8.19%	14.03%	5.08%	(22.94%)	(9.47%)	(0.29%)	0.94%
Russell Mid Cap	Mid Cap Equity	8.85%	13.97%	19.69%	(22.22%)	(5.96%)	2.52%	4.32%
Russell Mid Cap Growth	Mid Cap Growth	7.89%	13.99%	25.81%	(21.87%)	(4.41%)	2.48%	1.11%
Russell Mid Cap Value	Mid Cap Value	9.81%	13.80%	13.32%	(22.81%)	(8.07%)	2.01%	5.24%
Russell 2000	Small Cap Equity	9.63%	14.60%	12.52%	(20.72%)	(6.05%)	1.52%	3.61%
Russell 2000 Growth	Small Cap Growth	7.75%	15.55%	19.99%	(20.86%)	(3.82%)	2.06%	0.17%
Russell 2000 Value	Small Cap Value	11.56%	13.62%	5.79%	(20.67%)	(8.38%)	0.83%	6.41%
DJW US REIT Index	REITS	10.42%	9.29%	(4.09%)	(41.35%)	(18.00%)	(1.44%)	6.95%
<b>Non-US Indices</b>								
MSCI ACWI Ex-US	Broad Non-US Equity	9.81%	23.50%	25.56%	(20.90%)	(2.69%)	7.57%	3.64%
MSCI AC World Index	Global Equity	8.84%	19.19%	19.27%	(20.54%)	(4.09%)	3.98%	1.09%
MSCI EAFE	Developed Non-US Equity	9.14%	21.59%	18.33%	(22.16%)	(5.09%)	5.29%	2.16%
MSCI Emerging Mkts.	Emerging Non-US Equity	11.32%	28.67%	51.64%	(16.57%)	6.49%	18.00%	10.49%
ML Global Ex-US Bond	Global Bonds	2.14%	6.97%	1.41%	5.65%	8.32%	6.88%	6.47%
Euro	Currency	1.08%	6.99%	1.99%	(9.13%)	3.57%	3.32%	2.85%
Japanese Yen	Currency	1.36%	3.35%	(4.77%)	13.54%	6.33%	3.20%	1.89%
British Pound	Currency	0.67%	11.88%	15.31%	(16.31%)	(3.88%)	(1.83%)	0.23%
<b>US Fixed Income Indices</b>								
ML 3-month T-Bill	Cash	0.02%	0.05%	0.12%	0.49%	2.83%	3.10%	3.10%
Barclays US Aggregate	Core Bonds	1.61%	2.93%	3.54%	7.85%	6.52%	5.14%	6.19%
Barclays US Universal	Core Bonds Plus	1.89%	3.81%	5.30%	7.08%	6.10%	5.12%	6.25%
ML US Gov't/Credit	Core Bonds	1.65%	3.60%	2.46%	6.57%	6.13%	4.86%	6.11%
ML US Corporate Master	Corporate Bonds	3.95%	11.75%	13.54%	7.59%	4.94%	4.21%	6.10%
Barclays Mortgage Backed Securitic	Mortgages	0.82%	1.24%	3.76%	10.43%	7.64%	5.97%	6.45%
Merrill Lynch High Yield Master II	High Yield Bonds	6.18%	17.35%	37.37%	4.10%	3.50%	5.07%	5.06%

(not annualized if less than 1 year)

Source: mpi Stylus

Preliminary data

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JULY 31, 2009**  
**PRELIMINARY BASIS**

**SUMMARY OF INVESTMENTS**

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
DOMESTIC EQUITIES	473,689,499	42.5%	46.4%	36.5% - 56.3%
INTERNATIONAL EQUITIES	227,506,865	20.4%	20.0%	16.0% - 24.0%
FIXED INCOME	349,733,970	31.4%	30.6%	27.6% - 33.6%
REAL ESTATE	13,333,039	1.2%	3.0%	1.5% - 4.5%
SECURITIES LENDING	(2,905,156)	-0.3%	0.0%	0.0% - 0.0%
CASH (equity managers only)	52,033,024	4.7%	0.0%	0.0% - 3.0%
<b>TOTAL PORTFOLIO</b>	<b>1,113,391,241</b>	<b>100.0%</b>	<b>100.0%</b>	

	CURRENT	TARGET
DODGE & COX - LARGE CAP VALUE	15.0%	14.5%
BGI - R1000 VALUE INDEX	3.1%	3.0%
DELAWARE - LARGE CAP GROWTH	9.3%	8.9%
LOOMIS SAYLES - LARGE CAP GROWTH	5.6%	5.9%
CAPITAL PROSPECTS	5.0%	5.0%
LEGATO CAPITAL	4.1%	4.3%
BNY - S&P 500 INDEX	4.7%	4.8%
LSV ASSET MGMT - INTL EQ	10.7%	10.0%
PYRAMIS - INTL EQ	10.2%	10.0%
DODGE & COX FIXED INCOME	31.4%	30.6%
INVESCO - GLOBAL REIT	1.2%	3.0%
<b>TOTALS</b>	<b>100%</b>	<b>100%</b>

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JULY 31, 2009**  
PRELIMINARY BASIS

**GROWTH OF ASSETS AND CHANGES IN ALLOCATION**

ASSET CLASS MARKET VALUE	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
DOMESTIC EQUITIES	473,689,499	440,736,427	7.48%	545,152,619	-13.11%
INTERNATIONAL EQUITIES	227,506,865	206,580,513	10.13%	248,084,162	-8.29%
FIXED INCOME	349,733,970	378,179,245	-7.52%	428,354,012	-18.35%
REAL ESTATE	13,333,039	12,195,668	9.33%	18,317,405	-27.21%
SECURITIES LENDING	(2,905,156)	(2,983,911)			
CASH (equity managers only)	52,033,024	15,116,826	244.21%	23,620,040	120.29%
<b>TOTAL PORTFOLIO</b>	<b>1,113,391,241</b>	<b>1,049,824,768</b>	<b>6.05%</b>	<b>1,263,528,237</b>	<b>-11.88%</b>
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	42.54%	41.98%	0.6%	43.15%	-0.6%
INTERNATIONAL EQUITIES	20.43%	19.68%	0.8%	19.63%	0.8%
FIXED INCOME	31.41%	36.02%	-4.6%	33.90%	-2.5%
REAL ESTATE	1.20%	1.16%	0.0%	1.45%	-0.3%
SECURITIES LENDING	-0.26%	-0.28%	0.0%		
CASH (equity managers only)	4.67%	1.44%	3.2%	1.87%	2.8%
<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 JULY 31, 2009**  
PRELIMINARY BASIS

MANAGER ALLOCATION

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
<b>DOMESTIC EQUITIES</b>				
DODGE & COX - LARGE CAP VALUE	166,570,015	15.0%	14.5%	11.5% - 17.5%
BGI - R1000 VALUE INDEX	35,006,221	3.1%	3.0%	2.0% - 4.0%
DELAWARE - LARGE CAP GROWTH	103,546,126	9.3%	8.9%	6.9% - 10.9%
LOOMIS SAYLES - LARGE CAP GROWTH	62,116,318	5.6%	5.9%	4.5% - 7.3%
CAPITAL PROSPECTS - SMALL CAP VALUE	56,094,326	5.0%	5.0%	3.9% - 6.1%
LEGATO CAPITAL - SMALL CAP GROWTH	45,123,568	4.1%	4.3%	2.9% - 5.7%
BNY - S&P 500 INDEX	52,359,462	4.7%	4.8%	3.8% - 5.8%
TOTAL DOMESTIC EQUITIES	520,816,037	46.8%	46.4%	
<b>FIXED INCOME</b>				
DODGE & COX	349,733,970	31.4%	30.6%	27.6% - 33.6%
TOTAL FIXED INCOME	349,733,970	31.4%	30.6%	
<b>INTERNATIONAL INVESTMENTS</b>				
LSV ASSET MGMT.	119,341,196	10.7%	10.0%	8.0% - 12.0%
PYRAMIS	113,072,156	10.2%	10.0%	8.0% - 12.0%
TOTAL INTERNATIONAL EQUITIES	232,413,351	20.9%	20.0%	
<b>REAL ESTATE</b>				
INVESCO	13,333,039	1.2%	3.0%	1.5% - 4.5%
TOTAL REAL ESTATE	13,333,039	1.2%	3.0%	
SECURITIES LENDING	(2,905,156)	-0.3%	0.0%	0.0% - 0.0%
TOTAL StanCERA PORTFOLIO	1,113,391,241	100.0%	100.0%	

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING 7/31/09**

PRELIMINARY

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	6,750,242		159,819,774	166,570,015
BGI - R1000 VALUE INDEX	35,006,221		0	35,006,221
DELAWARE - LARGE CAP GROWTH	1,809,770		101,736,356	103,546,126
LOOMIS SAYLES - LARGE CAP GROWTH	643,154		61,473,164	62,116,318
CAPITAL PROSPECTS - SMALL CAP VALUE	2,029,436		54,064,890	56,094,326
LEGATO CAPITAL - SMALL CAP GROWTH	887,715		44,235,853	45,123,568
BNY - S&P 500 INDEX	0		52,359,462	52,359,462
TOTAL DOMESTIC EQUITIES	47,126,538		473,689,499	520,816,037
FIXED INCOME				
DODGE & COX	14,858,779	334,875,191		349,733,970
TOTAL FIXED INCOME	14,858,779	334,875,191		349,733,970
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	3,194,794		116,146,402	119,341,196
PYRAMIS	1,711,692		111,360,463	113,072,156
TOTAL INTERNATIONAL EQUITIES	4,906,486		227,506,865	232,413,351
REAL ESTATE				
INVESCO	0		13,333,039	13,333,039
TOTAL REAL ESTATE	0		13,333,039	13,333,039
SECURITIES LENDING	(2,905,156)			(2,905,156)
TOTAL STANCERA PORTFOLIO	63,986,647	334,875,191	714,529,403	1,113,391,241

5.7%                      30.1%                      64.2%                      100.0%

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JULY 31, 2009**  
**PRELIMINARY BASIS**

**CURRENT PERFORMANCE**

	MARKET VALUE	JULY	ALPHA	JUNE	ALPHA	FISCAL YTD	ALPHA
<b>DOMESTIC EQUITIES</b>							
<b>DODGE &amp; COX - LARGE CAP VALUE</b>	<b>159,819,774</b>	<b>9.11%</b>	<b>0.92%</b>	<b>-0.01%</b>	<b>0.73%</b>	<b>9.11%</b>	<b>0.92%</b>
<i>RUSSELL 1000 VALUE</i>		8.19%		-0.74%		8.19%	
<b>BGI - R1000 VALUE INDEX***</b>	<b>35,006,221</b>						
<i>RUSSELL 1000 VALUE</i>							
<b>DELAWARE - LARGE CAP GROWTH</b>	<b>101,736,356</b>	<b>5.92%</b>	<b>-1.18%</b>	<b>-0.19%</b>	<b>-1.31%</b>	<b>5.92%</b>	<b>-1.18%</b>
<i>RUSSELL 1000 GROWTH</i>		7.10%		1.12%		7.10%	
<b>LOOMIS SAYLES - LARGE CAP GROWTH</b>	<b>61,473,164</b>	<b>5.85%</b>	<b>-1.25%</b>	<b>-1.34%</b>	<b>-2.46%</b>	<b>5.85%</b>	<b>-1.25%</b>
<i>RUSSELL 1000 GROWTH</i>		7.10%		1.12%		7.10%	
<b>CAPITAL PROSPECTS*</b>	<b>54,064,890</b>	<b>9.66%</b>	<b>-1.90%</b>	<b>0.63%</b>	<b>0.95%</b>	<b>9.66%</b>	<b>-1.90%</b>
<i>RUSSELL 2000 VALUE</i>		11.56%		-0.32%		11.56%	
<b>LEGATO CAPITAL**</b>	<b>44,235,853</b>	<b>6.62%</b>	<b>-1.13%</b>	<b>4.87%</b>	<b>1.63%</b>	<b>6.62%</b>	<b>-1.13%</b>
<i>RUSSELL 2000 GROWTH**</i>		7.75%		3.24%		7.75%	
<b>BNY - S&amp;P 500 INDEX</b>	<b>52,359,462</b>	<b>7.56%</b>	<b>0.00%</b>	<b>0.22%</b>	<b>0.02%</b>	<b>7.56%</b>	<b>0.00%</b>
<i>S&amp;P 500</i>		7.56%		0.20%		7.56%	
<b>TOTAL DOMESTIC EQUITY</b>	<b>473,689,499</b>	<b>7.11%</b>	<b>-0.67%</b>	<b>0.12%</b>	<b>-0.22%</b>	<b>7.11%</b>	<b>-0.67%</b>
<i>Russell 3000 Index</i>		7.78%		0.34%		7.78%	
<b>FIXED INCOME</b>							
<b>DODGE &amp; COX</b>	<b>349,733,970</b>	<b>2.81%</b>	<b>1.20%</b>	<b>1.49%</b>	<b>0.92%</b>	<b>2.81%</b>	<b>1.20%</b>
<i>BARCLAYS US AGGREGATE BOND</i>		1.61%		0.57%		1.61%	
<b>INTERNATIONAL INVESTMENTS</b>							
<b>LSV ASSET MGMT</b>	<b>116,146,402</b>	<b>11.06%</b>	<b>1.25%</b>	<b>0.26%</b>	<b>1.33%</b>	<b>11.06%</b>	<b>1.25%</b>
<i>MSCI ACWI Free ex-US</i>		9.81%		-1.07%		9.81%	
<b>PYRAMIS</b>	<b>111,360,463</b>	<b>9.02%</b>	<b>-0.79%</b>	<b>-0.74%</b>	<b>0.33%</b>	<b>9.02%</b>	<b>-0.79%</b>
<i>MSCI ACWI Free ex-US</i>		9.81%		-1.07%		9.81%	
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>227,506,865</b>	<b>10.06%</b>	<b>0.25%</b>	<b>-0.23%</b>	<b>0.84%</b>	<b>10.06%</b>	<b>0.25%</b>
<i>MSCI ACWI Free ex-US</i>		9.81%		-1.07%		9.81%	
<b>REAL ESTATE</b>							
<b>INVESCO</b>	<b>13,333,039</b>	<b>9.33%</b>	<b>-0.68%</b>	<b>-0.36%</b>	<b>-0.36%</b>	<b>9.33%</b>	<b>-0.68%</b>
<i>FTSE EPRA/NAREIT Global REIT</i>		10.01%		0.00%		10.01%	
<b>SECURITIES LENDING</b>							
<b>BNY MELLON</b>	<b>(2,905,156)</b>	<b>0.01%</b>		<b>-0.28%</b>		<b>0.01%</b>	
<b>CASH and SHORT-TERM INVESTMENTS</b>							
<b>CASH</b>	<b>52,033,024</b>	<b>0.05%</b>	<b>0.03%</b>	<b>0.06%</b>	<b>0.06%</b>	<b>0.05%</b>	<b>0.03%</b>
<i>90 DAY TREASURY BILL</i>		0.02%		0.00%		0.02%	
<b>TOTAL StanCERA Fund</b>	<b>1,113,391,241</b>	<b>6.36%</b>	<b>0.00%</b>	<b>0.26%</b>	<b>0.07%</b>	<b>6.36%</b>	<b>0.00%</b>
<i>Policy Index</i>		6.36%		0.19%		6.36%	
<i>Actuary Rate of Assumption (8.16%)</i>		0.66%	<b>5.70%</b>	0.66%	<b>-0.40%</b>	0.66%	<b>5.70%</b>
<i>Actuary Rate of Inflation (4.00%)</i>		0.33%	<b>6.03%</b>	0.33%	<b>-0.07%</b>	0.33%	<b>6.03%</b>