



**StanCERA**

**Monthly Investment Performance  
Summary**

**Provided by  
Strategic Investment Solutions Inc.**

**November 2009**

## U.S. EQUITY

The equity markets continued to rally in November. Ned Davis Research Inc. states, "I've never seen a liquidity-driven bull market like this one. It would be one to think if that liquidity was getting to the real economy where it is intended to go... with all of this money getting thrown at the system, the money has to go somewhere, and it has gone into stocks, bonds, commodities, etc."

Equity markets returned to their winning ways in November. Growth outperformed value (within large caps) and large caps outperformed small caps. The Russell 1000 Growth Index was up +6.1% for the month of November, while the Russell 1000 Value Index was up +5.6%. In the small cap class, the Russell 2000 Growth Index was up +3.1% and the Russell 2000 Value Index was up +3.2%. The S&P 500 Index ended the month up +6.0%.

Corporate merger activity highlights for the month included: Encore Acquisition and Denbury Resources announced plans to merge in a deal valued at nearly \$5 billion; Berkshire Hathaway will pay \$26 billion to buy railroad Burlington Northern Santa Fe; Stanley Works agreed to buy Black & Decker for \$3.5 billion; Telefonica, Europe's 2<sup>nd</sup> largest phone company, boosted its offer for Brazil's GVT to \$4.0 billion; TPG and Canada Pension Plan will buy IMS Health, a provider of prescription drug sales data, for \$5.2 billion; Scripps Networks Interactive will buy a controlling stake in the Travel Channel for \$975 million; AES will sell a 15% stake to China Investment as part of a \$2 billion capital injection into the power producer; British candy maker Cadbury PLC rejected a renewed \$16.4 billion hostile bid from Kraft Foods; GE will sell its security business, GE Security, to United Technologies for \$1.8 billion; Liberty Global will buy Unitymedia, the 2<sup>nd</sup> largest cable TV operator in Germany, for about \$3 billion; Canon plans to buy Dutch copier and printer maker Océ for \$1.1 billion; Blackstone's Pinnacle Foods Group will acquire Birds Eye Foods, the largest U.S. frozen-vegetable company, for \$1.3 billion; Ciena will buy the optical networking and ethernet equipment

businesses of Nortel Networks for \$769 million; and Eni, Italy's largest energy company, will acquire Ugandan oil assets from Heritage Oil for as much as \$1.5 billion.

## FIXED INCOME

The Labor Department reported that the unemployment rate shot up more sharply than expected in October to 10.2%, the first time since 1983 that the jobless rate has reached 10%. While economic growth has improved from very negative to modestly positive, employment growth has yet to kick in.

The U.S. economy expanded at a 2.8% annual rate in the 3<sup>rd</sup> quarter, down from an earlier estimate of 3.5% growth. U.S. consumer spending, which accounts for about 70% of economic activity, rose at a 2.9% pace compared with a 3.2% rate estimated by economists. The economic news released in October and November signaled that the recovery most likely continued in the fourth quarter although at a slower rate than in Q3.

The U.S. Federal Reserve left the funds target unchanged at 0-25 basis points early in November. The Committee kept the phrase "economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period."

Long-term interest rates were lower in the month of November. The bellwether 10-year Treasury note ended the month yielding 3.21% down from 3.39% at the close of October. At month-end, the 30-year long bond yield was 4.19% and the 3-month T-bill was at 0.03%. The Barclays Capital US Aggregate Index was up by +1.29% in November and is now up +7.61% year-to-date in 2009. U.S. TIPS 10+ Years was the strongest performer during November, up by +4.3%. Credit markets continued another strong month with the lower quality spectrum once again outperforming.

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

\*The Commerce Dept. reported consumer spending fell 0.5% in September, the first decline in five months and the largest decline in nine months.

\*The U.S. retail vacancy rate rose from 6.7% at the end of 2008 to 7.6% at the end of the 3<sup>rd</sup> quarter of 2009.

\*U.S. construction spending increased by 0.8% in September.

\*The Institute of Supply Management reported that its manufacturing index grew from 52.6 in September to 55.7 in October, the fastest pace since April 2006.

\*The pending home sales index from the National Association of Realtors spiked 6.1% to 110.1 in September, the index's highest level since December 2006.

\*The Commerce Dept. reported that new orders received by U.S. factories rose a stronger-than-expected 0.9% in September, the fifth month out of six that orders increased.

\*The U.S. Institute for Supply Management reported that its services index slipped to 50.6 in October from 50.9 in September.

\*The Labor Dept. reported that productivity surged at a 9.5% annual rate in the 3<sup>rd</sup> quarter, the quickest pace since the 3<sup>rd</sup> quarter of 2003.

\*The Commerce Dept. reported that businesses reduced inventories at the wholesale level 0.9% in September.

\*The median sales price of existing homes declined in 123 out of 153 metro areas in the 3<sup>rd</sup> quarter and the national median price was \$177,900, or 11% below the 3<sup>rd</sup> quarter last year.

\*The U.S. government ran a deficit of \$176 billion in October, beginning fiscal year 2010 in the red and marking a record 13<sup>th</sup> consecutive month of budget shortfalls.

\*The U.S. trade deficit widened in September by an unexpectedly large 18.2% to \$36.5 billion, the largest increase in more than 10 years.

\*The Commerce Dept. reported that total retail sales increased 1.5% in October, the largest advance since August, after dropping by a revised 2.3% in September.

\*The Labor Dept. reported that its producer price index rose 0.3% in October.

\*The Commerce Dept. reported that housing starts dropped 10.6% to a seasonally adjusted annual rate of 529,000 units in October, the lowest level since April and the biggest percentage drop since January.

\*The National Association of Realtors reported that sales of existing homes surged a record 10.1% in October to an annual rate of 6.1 million units, the highest since February 2007.

\*Tax revenues in 33 states fell by about 11% in the 3<sup>rd</sup> quarter versus last year.

\*The Commerce Dept. reported that consumer spending rose a more-than-expected 0.7% in October after falling by 0.6% in September.

\*The Commerce Dept. reported that personal income increased 0.2% in October.

\*The Institute for Supply Management's seasonally adjusted index of current business conditions rose to 62.9 in November from 60.8 in October.

The Reuters/University of Michigan Surveys of Consumers reported that its preliminary index of consumer sentiment for November fell to 66.0 from 70.6 in November, the lowest level since August.

## NON-U.S. MARKETS

The Bank of England left its policy rate unchanged at 0.50% in November and increased the size of its asset purchase program by 25 billion pounds to 200 billion. Industrial production jumped by 1.6% in September, the largest monthly gain since July 2002. On the

inflation front, producer output prices (PPI) rose 0.2% in October.

The 16-country euro area joined the U.S. and Japan in recovery after its economy grew 0.4% in the 3<sup>rd</sup> quarter. The European Central Bank also left its key, minimum bid rate unchanged at 1.0% in November.

German factory orders continue to recover, although the pace of improvement is starting to slow. Real factory orders rose 0.9% in September. Inflation remains low as CPI for the overall euro zone was -0.1% year-over-year in October.

Japan's economy expanded at an annual rate of 4.8% in the 3<sup>rd</sup> quarter, the fastest pace in more than two years. Moreover, the gain was the second straight following four consecutive quarters of decline that saw the economy contract a cumulative 8.4%. The Bank of Japan left its policy rate unchanged at 0.10%.

The Reserve Bank of Australia raised its policy rate (cash target) 25 basis points to 3.5% in November. This was the second consecutive increase and leaves the target at its highest level since December 2008.

Non-U.S. Developed markets were higher in the month of November. The MSCI ACWI Ex-U.S. was up by +2.9% (US dollars) in November. Developed stocks (EAFE) were up by +2.0% while Emerging Markets were up by +4.3%.

## CONCLUSIONS

The message from the Fed statements is that policymakers are hesitant to reverse gears on easing. The U.S., with short-term rates at essentially zero, has become a primary source of liquidity for the carry trades that have contributed to the rally in the riskier assets. Ultra-low U.S. interest rates are cited as a reason

for why the U.S. dollar continues to be pushed down and commodities and emerging market currencies up. Gold has broken to new highs as the dollar has remained weak and the idea of central banks diversifying away from the dollar has seemingly gained more credibility. The weakening of the U.S. dollar does have the benefit of helping it with its unsustainable trade deficit. However, one must keep in mind that China links its currency to the dollar and its continued weakness potentially has risks associated with that linkage.

The Federal Reserve has begun to signal to the markets that they might begin to move to reducing their support for the financial markets. Primary loans made by the Fed fell to \$20 billion in November from a peak of \$111 billion in October 2008. Effective in January, the Fed will cut the maximum maturity on short-term primary credit loans to banks from 90 days to 28 days.

Clearly, we continue to be in unusual times. Short-term interest rates are stuck at zero and the Fed has pursued quantitative easing via massive injections of liquidity into the financial system. The Fed appears now to be looking to pull back their support. The sustainability of the economic expansion will now depend on a transition from sole government support to private sector (corporations and consumers) credit growth and spending.

# MARKET UPDATE

For November 2009

US Equity Indices	Style	Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad US Equity	5.68%	7.28%	24.78%	27.17%	(5.93%)	0.90%	0.13%
Russell 200	Large Cap Equity	6.29%	8.45%	22.70%	23.51%	(5.43%)	0.58%	(1.88%)
Russell 200 Growth	Large Cap Growth	6.67%	10.22%	31.38%	32.88%	(1.68%)	1.75%	(4.20%)
Russell 200 Value	Large Cap Value	5.90%	6.67%	14.11%	14.32%	(9.11%)	(0.61%)	0.29%
S&P 500	Large Cap Equity	6.00%	7.91%	24.07%	25.39%	(5.79%)	0.71%	(0.57%)
Russell 1000	Large Cap Equity	5.89%	7.75%	25.38%	27.38%	(5.71%)	1.02%	(0.15%)
Russell 1000 Growth	Large Cap Growth	6.14%	9.16%	33.09%	35.50%	(2.77%)	1.80%	(3.33%)
Russell 1000 Value	Large Cap Value	5.64%	6.36%	17.61%	19.24%	(8.82%)	0.06%	2.34%
Russell Mid Cap	Mid Cap Equity	4.83%	5.90%	32.91%	38.59%	(6.34%)	2.15%	5.28%
Russell Mid Cap Growth	Mid Cap Growth	4.67%	6.25%	37.76%	42.83%	(5.38%)	2.13%	0.48%
Russell Mid Cap Value	Mid Cap Value	4.98%	5.57%	27.53%	33.75%	(7.88%)	1.71%	7.31%
Russell 2000	Small Cap Equity	3.14%	1.68%	17.70%	24.53%	(8.36%)	(0.46%)	3.82%
Russell 2000 Growth	Small Cap Growth	3.09%	2.23%	23.87%	30.59%	(6.67%)	(0.07%)	(0.58%)
Russell 2000 Value	Small Cap Value	3.18%	1.16%	12.09%	18.98%	(10.16%)	(0.99%)	7.81%
DJW US REIT Index	REITS	6.88%	9.18%	20.05%	41.30%	(16.22%)	(0.41%)	10.33%

## Non-US Indices

MSCI ACWI Ex-US	Broad Non-US Equity	2.89%	6.86%	39.18%	47.13%	(2.73%)	6.75%	3.83%
MSCI AC World Index	Global Equity	4.16%	7.31%	32.62%	37.49%	(4.00%)	4.00%	1.48%
MSCI EAFE	Developed Non-US Equity	2.03%	4.63%	30.56%	38.43%	(5.05%)	4.62%	2.30%
MSCI Emerging Mkts.	Emerging Non-US Equity	4.30%	13.94%	72.20%	85.68%	5.61%	16.07%	10.99%
ML Global Ex-US Bond	Global Bonds	3.70%	6.66%	10.58%	19.67%	9.81%	6.08%	7.33%
Euro	Currency	1.76%	4.62%	8.01%	18.32%	4.24%	2.47%	4.08%
Japanese Yen	Currency	5.08%	7.68%	5.23%	10.56%	10.32%	3.60%	1.72%
British Pound	Currency	(0.44%)	0.69%	14.14%	6.95%	(5.86%)	(3.00%)	0.30%

## US Fixed Income Indices

ML 3-month T-Bill	Cash	0.01%	0.06%	0.20%	0.20%	2.55%	3.06%	3.03%
Barclays US Aggregate	Core Bonds	1.29%	2.86%	7.61%	11.63%	6.40%	5.49%	6.45%
Barclays US Universal	Core Bonds Plus	1.27%	3.24%	9.98%	14.18%	6.09%	5.48%	6.55%
Barclays US Gov't/Credit	Core Bonds	1.35%	2.75%	6.41%	11.22%	6.17%	5.30%	6.47%
ML US Corporate Master	Corporate Bonds	1.42%	4.29%	20.97%	27.69%	5.34%	4.95%	6.64%
Barclays Mortgage Backed Securitie	Mortgages	1.28%	2.83%	7.40%	9.19%	7.45%	6.23%	6.58%
Merrill Lynch High Yield Master II	High Yield Bonds	1.01%	8.96%	52.72%	64.14%	5.12%	6.01%	6.25%

(not annualized if less than 1 year)

Source: mpi Stylus

Preliminary data

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING NOVEMBER 30, 2009**  
**PRELIMINARY BASIS**

**SUMMARY OF INVESTMENTS**

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
DOMESTIC EQUITIES	565,479,920	46.9%	46.4%	36.5% - 56.3%
INTERNATIONAL EQUITIES	256,636,443	21.3%	20.0%	16.0% - 24.0%
FIXED INCOME	354,066,566	29.4%	32.1%	29.1% - 35.1%
REAL ESTATE	15,135,667	1.3%	1.5%	0.0% - 3.0%
SECURITY LENDING	(2,826,402)	-0.2%	0.0%	0.0% - 0.0%
CASH (equity managers only)	17,414,269	1.4%	0.0%	0.0% - 3.0%
<b>TOTAL PORTFOLIO</b>	<b>1,205,906,463</b>	<b>100.0%</b>	<b>100.0%</b>	

	CURRENT	TARGET
DODGE & COX - LARGE CAP VALUE	15.4%	14.5%
BGI - R1000 VALUE INDEX	3.3%	3.0%
DELAWARE - LARGE CAP GROWTH	9.7%	8.9%
LOOMIS SAYLES - LARGE CAP GROWTH	5.8%	5.9%
CAPITAL PROSPECTS	5.0%	5.0%
LEGATO CAPITAL	3.9%	4.3%
BNY - S&P 500 INDEX	4.9%	4.8%
LSV ASSET MGMT - INTL EQ	11.1%	10.0%
PYRAMIS - INTL EQ	10.6%	10.0%
DODGE & COX FIXED INCOME	29.4%	32.1%
INVESCO - GLOBAL REIT	1.3%	1.5%
SECURITY LENDING	-0.2%	0.0%
<b>TOTALS</b>	<b>100.0%</b>	<b>100.0%</b>

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING NOV. 30, 2009**  
PRELIMINARY BASIS

**GROWTH OF ASSETS AND CHANGES IN ALLOCATION**

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
<b>MARKET VALUE</b>					
DOMESTIC EQUITIES	565,479,920	536,878,990	5.33%	357,868,390	58.01%
INTERNATIONAL EQUITIES	256,636,443	248,454,666	3.29%	143,155,298	79.27%
FIXED INCOME	354,066,566	353,288,008	0.22%	396,120,942	-10.62%
REAL ESTATE	15,135,667	14,863,663	1.83%	10,907,512	38.76%
SECURITIES LENDING	(2,826,402)	(2,948,909)			
<u>CASH (equity managers only)</u>	<u>17,414,269</u>	<u>17,122,579</u>	<u>1.70%</u>	<u>20,117,033</u>	<u>-13.44%</u>
TOTAL PORTFOLIO	1,205,906,463	1,167,658,996	3.28%	928,169,174	29.92%
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	46.89%	45.98%	0.9%	38.56%	8.3%
INTERNATIONAL EQUITIES	21.28%	21.28%	0.0%	15.42%	5.9%
FIXED INCOME	29.36%	30.26%	-0.9%	42.68%	-13.3%
REAL ESTATE	1.26%	1.27%	0.0%	1.18%	0.1%
SECURITY LENDING	-0.23%	-0.25%	0.0%		
<u>CASH (equity managers only)</u>	<u>1.44%</u>	<u>1.47%</u>	<u>0.0%</u>	<u>2.17%</u>	<u>-0.7%</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 NOV. 30, 2009**  
PRELIMINARY BASIS

**MANAGER ALLOCATION**

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
<b>DOMESTIC EQUITIES</b>				
DODGE & COX - LARGE CAP VALUE	185,947,258	15.4%	14.5%	11.5% - 17.5%
BGI - R1000 VALUE INDEX	39,254,838	3.3%	3.0%	2.0% - 4.0%
DELAWARE - LARGE CAP GROWTH	117,226,452	9.7%	8.9%	6.9% - 10.9%
LOOMIS SAYLES - LARGE CAP GROWTH	69,639,577	5.8%	5.9%	4.5% - 7.3%
CAPITAL PROSPECTS - SMALL CAP VALUE	59,975,267	5.0%	5.0%	3.9% - 6.1%
LEGATO CAPITAL - SMALL CAP GROWTH	47,551,312	3.9%	4.3%	2.9% - 5.7%
BNY - S&P 500 INDEX	<u>58,551,257</u>	<u>4.9%</u>	<u>4.8%</u>	3.8% - 5.8%
TOTAL DOMESTIC EQUITIES	578,145,960	47.9%	46.4%	
<b>FIXED INCOME</b>				
DODGE & COX	<u>354,066,566</u>	<u>29.4%</u>	<u>32.1%</u>	29.1% - 35.1%
TOTAL FIXED INCOME	354,066,566	29.4%	32.1%	
<b>INTERNATIONAL INVESTMENTS</b>				
LSV ASSET MGMT.	134,105,562	11.1%	10.0%	8.0% - 12.0%
PYRAMIS	<u>127,278,938</u>	<u>10.6%</u>	<u>10.0%</u>	8.0% - 12.0%
TOTAL INTERNATIONAL EQUITIES	<u>261,384,500</u>	<u>21.7%</u>	<u>20.0%</u>	
<b>REAL ESTATE</b>				
INVESCO	<u>15,135,667</u>	<u>1.3%</u>	<u>1.5%</u>	0.0% - 3.0%
TOTAL REAL ESTATE	15,135,667	1.3%	1.5%	
SECURITIES LENDING	<u>(2,826,402)</u>	<u>-0.2%</u>	<u>0.0%</u>	0.0% - 0.0%
TOTAL StanCERA PORTFOLIO	<u>1,205,906,291</u>	<u>100.0%</u>	<u>100.0%</u>	

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING 11/30/09**  
**PRELIMINARY**

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	7,939,543		178,007,715	185,947,258
BGI - R1000 VALUE INDEX	0		39,254,838	39,254,838
DELAWARE - LARGE CAP GROWTH	1,139,147		116,087,306	117,226,452
LOOMIS SAYLES - LARGE CAP GROWTH	647,746		68,991,830	69,639,577
CAPITAL PROSPECTS - SMALL CAP VALUE	1,683,452		58,291,814	59,975,267
LEGATO CAPITAL - SMALL CAP GROWTH	1,256,152		46,295,160	47,551,312
BNY - S&P 500 INDEX	171		58,551,257	58,551,428
TOTAL DOMESTIC EQUITIES	12,666,212		565,479,920	578,146,132
FIXED INCOME				
DODGE & COX	9,891,121	344,175,445		354,066,566
TOTAL FIXED INCOME	9,891,121	344,175,445		354,066,566
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	2,951,339		131,154,224	134,105,562
PYRAMIS	1,796,718		125,482,220	127,278,938
TOTAL INTERNATIONAL EQUITIES	4,748,057		256,636,443	261,384,500
REAL ESTATE				
INVESCO	0		15,135,667	15,135,667
TOTAL REAL ESTATE	0		15,135,667	15,135,667
SECURITIES LENDING	(2,826,402)			(2,826,402)
TOTAL STANCERA PORTFOLIO	24,478,987	344,175,445	837,252,030	1,205,906,463

2.0%                      28.5%                      69.4%                      100.0%

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING NOV. 30, 2009**  
**PRELIMINARY BASIS**

**CURRENT PERFORMANCE**

	MARKET VALUE	NOV	ALPHA	OCT	ALPHA	FISCAL YTD	ALPHA
<b>DOMESTIC EQUITIES</b>							
<b>DODGE &amp; COX - LARGE CAP VALUE</b>	<b>178,007,715</b>	<b>4.97%</b>	<b>-0.67%</b>	<b>-2.68%</b>	<b>0.38%</b>	<b>21.80%</b>	<b>0.72%</b>
<i>RUSSELL 1000 VALUE</i>		5.64%		-3.06%		21.08%	
<b>BGI - R1000 VALUE INDEX***</b>	<b>39,254,838</b>	<b>5.64%</b>	<b>0.00%</b>	<b>-3.05%</b>	<b>0.01%</b>	<b>12.14%</b>	<b>0.21%</b>
<i>RUSSELL 1000 VALUE</i>		5.64%		-3.06%		11.93%	
<b>DELAWARE - LARGE CAP GROWTH</b>	<b>116,087,306</b>	<b>7.15%</b>	<b>1.01%</b>	<b>-0.59%</b>	<b>0.76%</b>	<b>19.91%</b>	<b>0.58%</b>
<i>RUSSELL 1000 GROWTH</i>		6.14%		-1.35%		19.33%	
<b>LOOMIS SAYLES - LARGE CAP GROWTH</b>	<b>68,991,830</b>	<b>6.34%</b>	<b>0.20%</b>	<b>-1.32%</b>	<b>0.03%</b>	<b>18.67%</b>	<b>-0.66%</b>
<i>RUSSELL 1000 GROWTH</i>		6.14%		-1.35%		19.33%	
<b>CAPITAL PROSPECTS*</b>	<b>58,291,814</b>	<b>2.77%</b>	<b>-0.41%</b>	<b>-5.38%</b>	<b>1.26%</b>	<b>17.25%</b>	<b>-0.94%</b>
<i>RUSSELL 2000 VALUE</i>		3.18%		-6.64%		18.19%	
<b>LEGATO CAPITAL**</b>	<b>46,295,160</b>	<b>3.22%</b>	<b>0.13%</b>	<b>-5.44%</b>	<b>1.51%</b>	<b>12.35%</b>	<b>1.13%</b>
<i>RUSSELL 2000 GROWTH**</i>		3.09%		-6.95%		11.22%	
<b>BNY - S&amp;P 500 INDEX</b>	<b>58,551,257</b>	<b>6.00%</b>	<b>0.00%</b>	<b>-1.85%</b>	<b>0.01%</b>	<b>20.28%</b>	<b>0.01%</b>
<i>S&amp;P 500</i>		6.00%		-1.86%		20.27%	
<b>TOTAL DOMESTIC EQUITY</b>	<b>565,479,920</b>	<b>5.33%</b>	<b>-0.35%</b>	<b>-2.59%</b>	<b>-0.02%</b>	<b>18.89%</b>	<b>-0.87%</b>
<i>Russell 3000 Index</i>		5.68%		-2.57%		19.76%	
<b>FIXED INCOME</b>							
<b>DODGE &amp; COX</b>	<b>354,066,566</b>	<b>1.22%</b>	<b>-0.07%</b>	<b>0.89%</b>	<b>0.40%</b>	<b>8.32%</b>	<b>2.73%</b>
<i>BARCLAYS US AGGREGATE BOND</i>		1.29%		0.49%		5.59%	
<b>INTERNATIONAL INVESTMENTS</b>							
<b>LSV ASSET MGMT</b>	<b>131,154,224</b>	<b>2.64%</b>	<b>-0.25%</b>	<b>-1.40%</b>	<b>-0.17%</b>	<b>24.80%</b>	<b>3.08%</b>
<i>MSCI ACWI Free ex-US</i>		2.89%		-1.23%		21.72%	
<b>PYRAMIS</b>	<b>125,482,220</b>	<b>3.52%</b>	<b>0.63%</b>	<b>-1.37%</b>	<b>-0.14%</b>	<b>22.72%</b>	<b>1.00%</b>
<i>MSCI ACWI Free ex-US</i>		2.89%		-1.23%		21.72%	
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>256,636,443</b>	<b>3.07%</b>	<b>0.18%</b>	<b>-1.39%</b>	<b>-0.16%</b>	<b>23.80%</b>	<b>2.08%</b>
<i>MSCI ACWI Free ex-US</i>		2.89%		-1.23%		21.72%	
<b>REAL ESTATE</b>							
<b>INVESCO</b>	<b>15,135,667</b>	<b>1.83%</b>	<b>-0.15%</b>	<b>-0.68%</b>	<b>0.70%</b>	<b>24.11%</b>	<b>-1.69%</b>
<i>FTSE EPRA/NAREIT Global REIT</i>		1.98%		-1.38%		25.80%	
<b>SECURITIES LENDING</b>							
<b>BNY MELLON</b>	<b>(2,826,402)</b>						
<b>CASH and SHORT-TERM INVESTMENTS</b>							
<b>CASH</b>	<b>17,414,269</b>	<b>0.02%</b>	<b>0.00%</b>	<b>0.02%</b>	<b>0.00%</b>	<b>0.11%</b>	<b>0.01%</b>
<i>90 DAY TREASURY BILL</i>		0.02%		0.02%		0.10%	
<b>TOTAL StanCERA Fund</b>	<b>1,205,906,463</b>	<b>3.59%</b>	<b>0.09%</b>	<b>-1.28%</b>	<b>0.28%</b>	<b>16.61%</b>	<b>1.32%</b>
<i>Policy Index</i>		3.50%		-1.56%		15.29%	
<i>Actuary Rate of Assumption (8.16%)</i>		0.66%	<b>2.93%</b>	0.66%	<b>-1.94%</b>	3.33%	<b>13.28%</b>
<i>Actuary Rate of Inflation (4.00%)</i>		0.33%	<b>3.26%</b>	0.33%	<b>-1.61%</b>	1.67%	<b>14.94%</b>

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

\*\*\* BGI R1000 Value Index funded close of 7/31/09.