



StanCERA

**Monthly Investment Performance
Summary**

**Provided by
Strategic Investment Solutions Inc.**

May 2010

U.S. EQUITY

Global financial markets had an unsettled month amid continued worries that officials in the euro area have failed to resolve the sovereign debt crisis in the currency block. Equities have now experienced their biggest sell-off since the bear market bottom of 2009 which in turn has produced the most market fear since then. The Dow hit a closing low of 6,547 on March 9, 2009 and rallied to a closing high of 11,204 on April 23, 2010 or a gain of +71%. A 33% retracement of this move of 4,657 Dow points would equate to a loss of -1,551 Dow points or a level of 9,653. A 50% retracement of this move would equate to a loss of -2,328 Dow points or a level of 8,875. Geopolitical tensions have also increased recently with the deadly protests in Thailand and the sinking of a South Korean warship by North Korea in March. These events have further elevated global risk aversion.

During this sell-off excessive pessimism sentiment has returned which as a contrary indicator can be viewed as a potential positive for equities. Also, the recent sell-off has seen the following positive equity-friendly indicators to support a potential summer rally: the lowest yield on the benchmark 10-year Treasury bond (3.10%) in a year; the lowest crude oil prices since October; and, the lowest S&P 500 Price to Earnings ratio in nearly 3 years (now below 18).

The U.S. also has seen the majority of economic statistics released in the past couple of months as decidedly positive which supports strong near-term economic growth. Global growth rates turned positive about twelve months ago and have improved almost every month since. The level of global activity has now returned to where it was pre-crisis but the level of that activity has continued to shift toward the emerging world. The developed world remains well below peak activity (has recovered about 40% of its recent drawdown) while the emerging markets economic activity has surged.

If (and a big if) sovereign debt worries give way to renewed attention toward the improved outlook for global economic growth, earnings growth, and low interest rates, the stock market could stabilize and begin to head higher. That said the stock market advance has most likely reached a phase when returns

tend to moderate. The S&P 500's median gain in a second year of recovery has historically been less than a third of its median gain in the first year. So, will investors continue to be risk averse with any potential bad news creating further downward pressure on stocks? Or, will the current pessimism in the markets dissipate and be followed with a summer rally?

May was a month of de-risking with steep losses in all equity markets. Growth performed somewhat better than value (on a relative basis) and small caps fared better than large caps. The Russell 1000 Growth Index was down -7.6% for the month of May, while the Russell 1000 Value Index was down -8.2%. In the small cap class, the Russell 2000 Growth Index was down -6.6% and the Russell 2000 Value Index was down -8.4%. The S&P 500 Index ended the month down -8.0% with a trailing 12-month P/E ratio of 18.3 (estimated P/E ratio of 13.2 on forward looking twelve-month operating earnings) and a dividend yield of 2.0%.

The first quarter was a good one for corporate earnings. Earnings were about 16% higher than expected with every major sector participating. Revenues were 1.7% higher than expected and since corporate capital expenditures remained low, the improved earnings continued to be reflected in strong cash flow.

Corporate merger activity highlights for the month included: United Airlines and Continental Airlines will merge forming the world's largest airline in a deal worth \$3 billion; Norsk Hydro, Europe's 3rd largest steel producer, will buy key mining assets from Brazil's Vale for \$4.9 billion; Canada's Shaw Communications will acquire the TV operations of bankrupt media company Canwest Global Communications for \$2 billion; Warburg Pincus and Silver Lake are near an agreement to buy Pearson's Interactive Data, a financial market data and services provider, for \$3.1 billion; Simon Property submitted an improved takeover bid for General Growth Properties at about \$13 billion; ABB, the world's largest manufacturer of power-transmission gear, will buy Ventyx, a maker of software to manage power grids, for more than \$1 billion; Qatar Holdings acquired Harrods for \$2.2 billion; Telefonica made a \$7.3 billion offer for a stake in Brazil's Vivo;

Blackstone Group, Thomas H. Lee Partners and TPG Capital are in talks to pay more than \$15 billion for Fidelity National Information Services; SAP, a business software company, agreed to buy Sybase for \$5.8 billion; Healthscope, Australia's 2nd largest hospital owner received a buyout offer from a private equity group valuing the company at \$1.6 billion; Universal Health Services will buy Psychiatric Solutions for about \$2 billion; Honeywell International made a \$1.4 billion offer for French personal protection equipment maker Sperian Protection; Abbot Labs will buy the domestic healthcare business of India's Piramal Healthcare for \$3.7 billion; Johnson Controls made a \$1.25 billion offer for Visteon's automotive interiors and electronics business; Statoil will sell a 40% stake in the Brazilian offshore Pergrino field to China's Sinochem for \$3.07 billion; GE Capital Partners will buy Michael Foods from Thomas H. Lee Partners in a deal valued at \$1.7 billion; IBM will buy AT&T's Sterling Commerce unit, which makes software for \$1.4 billion; Gentiva Health Services, a home health provider, will buy hospice firm Odyssey HealthCare for \$1 billion; BHP Billiton, Xstrata and 11 other coal miners in Australia bid \$4 billion for the nation's largest coal railroad to head off the government's planned IPO; and, Wal-Mart stores Asda Group will buy Netto's U.K. discount supermarkets for \$1.1 billion.

FIXED INCOME

The Commerce Dept. reported that the U.S. economy grew at a 3.0% annual rate in the 1st quarter, slightly weaker than an initial estimate of 3.2% a month ago.

The Labor Dept. reported a gain of 290,000 jobs in April, up from 230,000 jobs added in March and the largest number of jobs added to the labor force since March 2006. The unemployment rate rose to 9.9% in April from 9.7% in March.

The Labor Dept. reported that consumer prices edged down 0.1% in April and increased 2.2% over the last year, the smallest 12-month increase since January 1996. April's decrease was the first since March 2009. Excluding food and fuel, the so-called

core rate was unchanged, capping the smallest 12-month gain in four decades.

Long-term interest rates fell during the month of May as investors' sought the safety of US Treasury securities. The bellwether 10-year Treasury note ended the month yielding 3.30% down from 3.66% at the close of April. At month-end, the 30-year long bond yield was 4.22% and the 3-month T-bill was at 0.16%. The Barclays Capital US Aggregate Index was up by +0.84% in May. High yield bonds were affected by the month's de-risking with the Merrill Lynch US High Yield Master II down -3.5% for the month. Long-term U.S. Treasury bonds benefited from the flight to safety and were up by +4.3%.

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

*The Commerce Dept. reported that consumer spending in the U.S. rose 0.6% in March, the most in five months after a 0.5% rise in February and a 0.3% increase in January.

*The combination of a rise in spending and a small gain in incomes left the personal savings rate at 2.7% in March, the lowest level since September 2008.

*Orders to U.S. factories increased 1.3% in March an indication of continued improvement in manufacturing.

*The Institute for Supply Management's index on non-manufacturing businesses, which makes up about 90% of the economy, held at an almost 4-year high of 55.4 in April.

*The Labor Dept. reported that 1st quarter worker productivity rose at an annual rate of 3.6%.

*Thomson Reuters, which looks at monthly same-store sales for 28 chains, reported that April sales increased by 0.5% over last year.

*Unemployment among 16 to 24 year-olds stands at nearly 19% heading into this summer, nearly doubled from 2007 when it averaged just over 10%.

*The Commerce Dept. reported that wholesale inventories rose 0.4% in March.

*The Treasury Dept. reported that the U.S. posted an \$82.7 billion deficit in April, nearly four times the \$20.9 billion deficit in April 2009.

*The Fed reported that industrial production gained 0.8% in April, an improvement over March's increase of 0.2%.

*Retail sales increased by 0.4% in April, the 7th straight monthly increase.

*The National Association of Realtors reported that sales of previously owned homes rose 7.6% in April from the previous month to a seasonally adjusted annual rate of 5.77 million.

*The S&P/Case-Schiller nationwide home prices index fell 3.2% in the 1st quarter compared to the 4th quarter but managed to climb 2.0% year-over-year.

*The Commerce Dept. reported that durable goods orders increased 2.9% last month, the best showing in three months.

*Consumer spending was flat in April after six straight months of gains.

The Thomson/Reuters Univ. of Michigan's index of consumer confidence edged up to 73.6 in May from 72.2 in April. Confidence rose despite the stock market distress triggered by the fiscal crisis in Europe. Consumer confidence, as compiled by the Conference Board, rose to 63.3 in May from 57.7 in April, the third straight increase.

NOT-U.S. MARKETS

The deterioration in public finances seen in western economies over the past two years is unprecedented and this deterioration is not due solely to the downturn in growth, but also reflects the structural problems throughout the major developed economies. Europe like the U.S., faces a long hard road toward debt restructuring, and in the view of Bridgewater, money production, "that will lead to the necessary debasement of the euro and the dollar against emerging currencies and gold." The turmoil affecting sovereign bonds has negative implications for banks exposed to southern European countries and could lead to profound changes in the way the euro zone operates. Contagion has spread to Portugal, Spain and now Hungary. The weakest members of the euro zone have been prone to overspending and underperforming (economic production) and were always going to rely on the stronger nations (i.e. Germany) to support their indulgences. This should not be surprising. The

bailout of all of the weak countries in the European family could cost as much as 1 trillion euros.

The euro hit a four-year low against the dollar as fears spread over Europe's financial stability. Stock markets also tumbled and bond markets in troubled southern European countries were also hit. Despite approval of a euro 110 billion bail-out of Greece by the euro-zone countries and the IMF, investors continue to worry that this will not prove sufficient and that other countries will get drawn into the crisis. Leaders of the euro-area also agreed on a euro 750 billion "stabilization fund", with IMF help, for troubled countries in the zone. The package, designed to provide liquidity and to stave off speculative attacks, was seen as a triumph for France's Nicolas Sarkozy and a defeat for the German chancellor Angela Merkel.

A European commission forecast puts the UK budget deficit this year at 12% of GDP. The average deficit in the 16-nation euro region may rise to 6.6% of GDP this year from 6.3% in 2009. Overall government debt may surge to 88.5% of GDP in 2011 from 84.7% this year. Those debt and deficit figures would be the highest since the introduction of the euro in 1999. The FY 2010 deficit in the U.S. now looks to be over \$1.34 trillion and that translates into a budgetary shortfall equal to 9% of GDP.

An index of activity in the euro-area manufacturing industries compiled by Markit rose to 57.6 in April from 56.6 in March. April's reading is the highest since June 2006. The euro-area inflation rate rose to 1.5% in April from 1.4% in March.

Britain's general election on May 6th produced an inconclusive result, leaving the Conservatives as the largest party in Parliament but short of an overall majority. The Conservatives joined forces with the Liberal Democrats, who placed third in the polls behind Labour, to create the country's first coalition government since WWII. David Cameron is the new prime minister.

Inflation in Britain rose to 3.7% in April from 3.4% a month earlier and the highest rate since November 2008.

Japan's unemployment rate rose to 5% in March from 4.9% in February. Consumer prices fell by 1.1% in the year to the end of March, which was Japan's 14th consecutive month of deflation. Japan's GDP grew at an annual rate of 4.9% in the three months to March, versus 3.8% during the previous quarter.

In April, inflation also picked up in the emerging economies in Asia. In Singapore it shot up to 3.2% from 1.6% a month earlier. Hong Kong's rate increased to 2.4% from 2.0% in March. In Singapore, industrial production rose by a large 24.3% in April and the 12-month rate of increase improved to 51%. Thailand's economy grew at an annualized rate of 16% in the three months to the end of March. In the Philippines, industrial production rose to 23% in the year to March, and GDP grew by 7.3% in the year to the end of the first quarter. The latest IMF estimates released in April 2010 expect emerging economies' GDP to grow by 6.3% in 2010 and developing Asia by 8.7% while growth for advanced economies is projected to be at 2.3%.

The Reserve Bank of Australia increased its benchmark interest rate by 25 basis points to 4.5%. Norway's central bank also raised its policy rate by 25 basis points to 2.0%.

Non-U.S. Developed markets were decidedly lower in the month of May. The MSCI ACWI Ex-U.S. was down -10.4% (US dollars) in May. Developed stocks (EAFE) were down by -11.4% while Emerging Markets stocks were down by -8.8% for the month.

CONCLUSIONS

Howard Marks, of Oaktree in his recent commentary (and before the decline in May), stated "With most of the great bargains gone, along with excessive risk aversion – macro uncertainties should no longer be overlooked. Thus the caution, discipline, patience, selectivity and discernment that were so unnecessary in 2009 are absolutely essential today. Investing defensively requires that when everything seems to be going well and investors are feeling positive (March and April 2010), we must sense the implicit danger and prepare for negative developments. The greatest market risks lie in failure of the macro economy to live up to the expectations embodied in today's prices..."

The positive news is as the markets decline and investors look to de-risk that investment opportunities will once again be created for the intelligent, unemotional investor to take advantage of. We suspect that we are not quite yet at that point and would recommend clients to keep some "dry powder" available in their opportunistic buckets.

MARKET UPDATE

For May 2010

US Equity Indices	Style	Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad US Equity	(7.90%)	0.02%	(0.32%)	23.20%	(8.24%)	0.84%	(0.04%)
Russell 200	Large Cap Equity	(8.16%)	(1.80%)	(2.94%)	18.09%	(8.92%)	(0.26%)	(2.27%)
Russell 200 Growth	Large Cap Growth	(7.93%)	(2.57%)	(4.28%)	18.56%	(5.32%)	0.90%	(4.86%)
Russell 200 Value	Large Cap Value	(8.40%)	(1.00%)	(1.52%)	17.51%	(12.43%)	(1.43%)	0.30%
S&P 500	Large Cap Equity	(7.99%)	(0.89%)	(1.50%)	20.99%	(8.69%)	0.31%	(0.82%)
Russell 1000	Large Cap Equity	(7.93%)	(0.46%)	(0.88%)	22.33%	(8.38%)	0.67%	(0.41%)
Russell 1000 Growth	Large Cap Growth	(7.63%)	(1.20%)	(2.26%)	21.59%	(5.61%)	1.45%	(3.90%)
Russell 1000 Value	Large Cap Value	(8.22%)	0.28%	0.54%	22.98%	(11.32%)	(0.28%)	2.49%
Russell Mid Cap	Mid Cap Equity	(7.35%)	2.92%	4.46%	33.93%	(6.91%)	3.08%	5.22%
Russell Mid Cap Growth	Mid Cap Growth	(6.86%)	2.46%	3.26%	30.14%	(6.03%)	3.09%	(0.34%)
Russell Mid Cap Value	Mid Cap Value	(7.80%)	3.36%	5.61%	37.62%	(8.39%)	2.65%	7.83%
Russell 2000	Small Cap Equity	(7.59%)	5.59%	6.29%	33.62%	(6.57%)	2.77%	4.71%
Russell 2000 Growth	Small Cap Growth	(6.61%)	5.04%	4.72%	30.54%	(5.55%)	3.21%	0.17%
Russell 2000 Value	Small Cap Value	(8.45%)	6.10%	7.77%	36.60%	(7.79%)	2.20%	8.78%
DJW US REIT Index	REITS	(5.39%)	11.65%	11.24%	58.76%	(11.62%)	1.78%	10.62%

Non-US Indices

MSCI ACWI Ex-US	Broad Non-US Equity	(10.41%)	(5.05%)	(9.67%)	11.08%	(9.64%)	4.49%	2.83%
MSCI AC World Index	Global Equity	(9.39%)	(3.31%)	(6.25%)	15.23%	(9.16%)	2.53%	0.84%
MSCI EAFE	Developed Non-US Equity	(11.37%)	(7.41%)	(12.08%)	6.84%	(12.61%)	1.83%	1.05%
MSCI Emerging Mkts.	Emerging Non-US Equity	(8.75%)	(0.16%)	(5.36%)	22.72%	(0.46%)	14.00%	10.78%
ML Global Ex-US Bond	Global Bonds	(1.96%)	(4.59%)	(4.52%)	0.37%	6.78%	4.40%	6.70%
Euro	Currency	(7.72%)	(10.09%)	(14.48%)	(13.31%)	(3.03%)	(0.12%)	2.84%
Japanese Yen	Currency	3.27%	(2.38%)	2.26%	4.86%	10.20%	3.43%	1.69%
British Pound	Currency	(5.08%)	(4.56%)	(10.03%)	(9.90%)	(9.77%)	(4.43%)	(0.28%)

US Fixed Income Indices

ML 3-month T-Bill	Cash	0.02%	0.03%	0.04%	0.16%	1.70%	2.81%	2.74%
Barclays US Aggregate	Core Bonds	0.84%	1.77%	3.71%	8.42%	6.88%	5.33%	6.52%
Barclays US Universal	Core Bonds Plus	0.45%	1.70%	3.64%	9.74%	6.52%	5.38%	6.65%
ML US Gov't/Credit	Core Bonds	0.79%	1.68%	3.77%	8.94%	6.56%	4.99%	6.47%
ML US Corporate Master	Corporate Bonds	(0.57%)	1.53%	3.96%	17.44%	6.22%	4.90%	7.01%
Barclays Mortgage Backed Securities	Mortgages	1.12%	1.76%	3.30%	6.41%	7.67%	6.09%	6.64%
Merrill Lynch High Yield Master II	High Yield Bonds	(3.52%)	1.69%	3.39%	29.89%	5.34%	7.23%	7.18%

(not annualized if less than 1 year)

Source: mpi Stylus

Preliminary data

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING MAY 31, 2010
PRELIMINARY BASIS

SUMMARY OF INVESTMENTS

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
DOMESTIC EQUITIES	519,027,713	43.0%	41.4%	35.1% - 47.7%
INTERNATIONAL EQUITIES	233,045,274	19.3%	20.0%	17.0% - 23.0%
FIXED INCOME	434,602,849	36.0%	37.1%	33.4% - 40.8%
REAL ESTATE	15,008,065	1.2%	1.5%	1.0% - 2.0%
SECURITY LENDING	(2,743,273)	-0.2%	0.0%	0.0% - 0.0%
CASH (equity managers only)	8,783,558	0.7%	0.0%	0.0% - 3.0%
TOTAL PORTFOLIO	1,207,724,187	100.0%	100.0%	

	CURRENT	TARGET
DODGE & COX - LARGE CAP VALUE	13.5%	13.3%
BGI - R1000 VALUE INDEX	3.3%	3.0%
DELAWARE - LARGE CAP GROWTH	6.9%	6.8%
LOOMIS SAYLES - LARGE CAP GROWTH	5.4%	5.0%
CAPITAL PROSPECTS	5.1%	4.5%
LEGATO CAPITAL	4.4%	4.0%
BNY - S&P 500 INDEX	4.9%	4.8%
LSV ASSET MGMT - INTL EQ	9.6%	10.0%
PYRAMIS - INTL EQ	9.8%	10.0%
DODGE & COX FIXED INCOME	29.7%	32.1%
PIMCO	6.3%	5.0%
INVESCO - GLOBAL REIT	1.2%	1.5%
SECURITY LENDING	-0.2%	0.0%
TOTALS	100.0%	100.0%

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING MAY 31, 2010
PRELIMINARY BASIS

GROWTH OF ASSETS AND CHANGES IN ALLOCATION

<u>ASSET CLASS</u> MARKET VALUE	<u>CURRENT MONTH</u>	<u>PRIOR MONTH</u>	<u>% CHANGE *</u>	<u>PRIOR YEAR</u>	<u>% CHANGE *</u>
DOMESTIC EQUITIES	519,027,713	567,752,332	-8.58%	418,275,721	24.09%
INTERNATIONAL EQUITIES	233,045,274	260,334,983	-10.48%	207,476,967	12.32%
FIXED INCOME	434,602,849	358,502,491	21.23%	380,714,416	14.15%
REAL ESTATE	15,008,065	16,472,152	-8.89%	12,240,319	22.61%
SECURITIES LENDING	(2,743,273)	(2,743,273)			
<u>CASH (equity managers only)</u>	<u>8,783,558</u>	<u>82,171,152</u>	<u>-89.31%</u>	<u>16,672,361</u>	<u>-47.32%</u>
TOTAL PORTFOLIO	1,207,724,187	1,282,489,837	-5.83%	1,035,379,783	16.65%
ASSET ALLOCATION (ACTUAL)					
DOMESTIC EQUITIES	42.98%	44.27%	-1.3%	40.40%	2.6%
INTERNATIONAL EQUITIES	19.30%	20.30%	-1.0%	20.04%	-0.7%
FIXED INCOME	35.99%	27.95%	8.0%	36.77%	-0.8%
REAL ESTATE	1.24%	1.28%	0.0%	1.18%	0.1%
SECURITY LENDING	-0.23%	-0.21%	0.0%		
<u>CASH (equity managers only)</u>	<u>0.73%</u>	<u>6.41%</u>	<u>-5.7%</u>	<u>1.61%</u>	<u>-0.9%</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 MAY 31, 2010
PRELIMINARY BASIS

MANAGER ALLOCATION

ASSET CLASS	MARKET VALUE	PERCENT	POLICY TARGET	RANGE
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	162,897,607	13.5%	13.3%	10.8% - 15.8%
BGI - R1000 VALUE INDEX	40,209,282	3.3%	3.0%	2.0% - 4.0%
DELAWARE - LARGE CAP GROWTH	83,856,992	6.9%	6.8%	5.3% - 8.3%
LOOMIS SAYLES - LARGE CAP GROWTH	64,622,803	5.4%	5.0%	4.0% - 6.0%
CAPITAL PROSPECTS - SMALL CAP VALUE	61,836,499	5.1%	4.5%	3.5% - 5.5%
LEGATO CAPITAL - SMALL CAP GROWTH	53,440,302	4.4%	4.0%	3.0% - 5.0%
BNY - S&P 500 INDEX	<u>58,813,775</u>	4.9%	4.8%	3.8% - 5.8%
TOTAL DOMESTIC EQUITIES	525,677,260	43.5%	41.4%	
FIXED INCOME				
DODGE & COX	358,287,883	29.7%	32.1%	29.1% - 35.1%
PIMCO	<u>76,314,966</u>	6.3%	5.0%	4.0% - 6.0%
TOTAL FIXED INCOME	434,602,849	36.0%	37.1%	
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	116,518,192	9.6%	10.0%	8.0% - 12.0%
PYRAMIS	<u>118,654,872</u>	9.8%	10.0%	8.0% - 12.0%
TOTAL INTERNATIONAL EQUITIES	<u>235,173,064</u>	19.5%	20.0%	
REAL ESTATE				
INVESCO	<u>15,008,065</u>	1.2%	1.5%	0.0% - 3.0%
TOTAL REAL ESTATE	15,008,065	1.2%	1.5%	
SECURITIES LENDING	<u>(2,743,273)</u>	-0.2%	0.0%	0.0% - 0.0%
TOTAL StanCERA PORTFOLIO	<u><u>1,207,717,966</u></u>	100.0%	100.0%	

STANCERA
MONTHLY PERFORMANCE REVIEW
PERIOD ENDING MAY 31, 2010
PRELIMINARY

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
DOMESTIC EQUITIES				
DODGE & COX - LARGE CAP VALUE	1,308,857		161,588,750	162,897,607
BGI - R1000 VALUE INDEX	6,222		40,209,282	40,215,503
DELAWARE - LARGE CAP GROWTH	699,740		83,157,252	83,856,992
LOOMIS SAYLES - LARGE CAP GROWTH	1,801,393		62,821,410	64,622,803
CAPITAL PROSPECTS - SMALL CAP VALUE	1,519,764		60,316,735	61,836,499
LEGATO CAPITAL - SMALL CAP GROWTH	1,319,602		52,120,701	53,440,302
BNY - S&P 500 INDEX	190		58,813,584	58,813,775
TOTAL DOMESTIC EQUITIES	6,655,769		519,027,713	525,683,482
FIXED INCOME				
DODGE & COX	16,493,563	341,794,320		358,287,883
PIMCO	0	76,314,966		76,314,966
TOTAL FIXED INCOME	16,493,563	418,109,286		434,602,849
INTERNATIONAL INVESTMENTS				
LSV ASSET MGMT.	1,653,416		114,864,776	116,518,192
PYRAMIS	474,374		118,180,498	118,654,872
TOTAL INTERNATIONAL EQUITIES	2,127,790		233,045,274	235,173,064
REAL ESTATE				
INVESCO	0		15,008,065	15,008,065
TOTAL REAL ESTATE	0		15,008,065	15,008,065
SECURITIES LENDING	(2,743,273)			(2,743,273)
TOTAL STANCERA PORTFOLIO	22,533,849	418,109,286	767,081,053	1,207,724,187

1.9% 34.6% 63.5% 100.0%

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MONTHLY PERFORMANCE REVIEW
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PRELIMINARY BASIS

CURRENT PERFORMANCE

	MARKET VALUE	MAY	ALPHA	APRIL	ALPHA	FISCAL YTD	ALPHA
DOMESTIC EQUITIES							
DODGE & COX - LARGE CAP VALUE	161,588,750	-9.25%	-1.03%	1.45%	-1.14%	22.58%	-2.78%
<i>RUSSELL 1000 VALUE</i>		-8.22%		2.59%		25.36%	
BGI - R1000 VALUE INDEX***	40,209,282	-8.21%	0.01%	2.65%	0.06%	14.86%	0.33%
<i>RUSSELL 1000 VALUE</i>		-8.22%		2.59%		14.53%	
DELAWARE - LARGE CAP GROWTH	83,157,252	-6.86%	0.77%	0.69%	-0.43%	19.90%	-0.35%
<i>RUSSELL 1000 GROWTH</i>		-7.63%		1.12%		20.25%	
LOOMIS SAYLES - LARGE CAP GROWTH	62,821,410	-7.17%	0.46%	1.05%	-0.07%	21.99%	1.74%
<i>RUSSELL 1000 GROWTH</i>		-7.63%		1.12%		20.25%	
CAPITAL PROSPECTS*	60,316,735	-7.45%	1.00%	5.69%	-1.31%	34.46%	-2.56%
<i>RUSSELL 2000 VALUE</i>		-8.45%		7.00%		37.02%	
LEGATO CAPITAL**	52,120,701	-6.44%	0.17%	4.19%	-0.01%	26.27%	-1.69%
<i>RUSSELL 2000 GROWTH**</i>		-6.61%		4.20%		27.96%	
BNY - S&P 500 INDEX	58,813,584	-7.98%	0.01%	1.58%	0.00%	20.82%	0.08%
<i>S&P 500</i>		-7.99%		1.58%		20.74%	
TOTAL DOMESTIC EQUITY	519,027,713	-7.91%	-0.01%	2.07%	-0.09%	22.51%	-0.28%
<i>Russell 3000 Index</i>		-7.90%		2.16%		22.79%	
FIXED INCOME							
DODGE & COX	358,287,883	-0.06%	-0.90%	0.78%	-0.26%	11.84%	4.05%
<i>BARCLAYS US AGGREGATE BOND</i>		0.84%		1.04%		7.79%	
PIMCO****	76,314,966	1.75%	0.91%			1.75%	0.91%
<i>BARCLAYS US AGGREGATE BOND</i>		0.84%				0.84%	
TOTAL FIXED INCOME	434,602,849	0.25%	-0.59%	0.78%	-0.26%	12.12%	4.33%
<i>BARCLAYS US AGGREGATE BOND</i>		0.84%		1.04%		7.79%	
INTERNATIONAL INVESTMENTS							
LSV ASSET MGMT	114,864,776	-9.97%	0.44%	0.09%	0.90%	16.82%	4.54%
<i>MSCI ACWI Free ex-US</i>		-10.41%		-0.81%		12.28%	
PYRAMIS	118,180,498	-10.12%	0.29%	-0.67%	0.14%	14.40%	2.12%
<i>MSCI ACWI Free ex-US</i>		-10.41%		-0.81%		12.28%	
TOTAL INTERNATIONAL EQUITY	233,045,274	-10.05%	0.36%	-0.30%	0.51%	15.64%	3.36%
<i>MSCI ACWI Free ex-US</i>		-10.41%		-0.81%		12.28%	
REAL ESTATE							
INVESCO	15,008,065	-8.89%	-0.50%	2.62%	0.09%	23.06%	-4.84%
<i>FTSE EPRA/NAREIT Global REIT</i>		-8.39%		2.53%		27.90%	
SECURITIES LENDING							
BNY MELLON	(2,743,273)						
CASH and SHORT-TERM INVESTMENTS							
CASH	8,783,558	0.01%	0.00%	0.01%	0.00%	0.18%	0.03%
<i>90 DAY TREASURY BILL</i>		0.01%		0.01%		0.15%	
TOTAL StanCERA Fund	1,207,724,187	-5.61%	-0.46%	1.21%	-0.21%	18.61%	1.53%
<i>Policy Index</i>		-5.15%		1.42%		17.08%	
<i>Actuary Rate of Assumption (8.16%)</i>		0.66%	-6.27%	0.66%	0.55%	7.37%	11.24%
<i>Actuary Rate of Inflation (4.00%)</i>		0.33%	-5.94%	0.33%	0.88%	3.67%	14.94%

* 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.

****PIMCO funded 5/1/10