



**StanCERA**

**Monthly Investment Performance  
Summary**

**Provided by  
Strategic Investment Solutions Inc.**

**July 2010**

## U.S. EQUITY

July was a reversal of the previous month with U.S. indices up 7% after being down by -6% in June. All indices (value/growth and large/small cap) performed in-line with one another. The Russell 1000 Growth Index was up 7.1% for the month of July, while the Russell 1000 Value Index was up by a similar 6.8%. In the small cap class, the Russell 2000 Growth Index was up 6.6% and the Russell 2000 Value Index was up 7.1%. The S&P 500 Index ended the month up 7.0% and has a trailing 12-month P/E ratio of 17.4 (estimated P/E ratio of 13.5 on forward looking twelve-month operating earnings) and a dividend yield of 2.0%.

Corporate merger activity highlights for the month included: British power supply company Chloride accepted a \$1.5 billion takeover bid from U.S. competitor Emerson Electric; Cliffs Natural Resources will buy INR Energy's coal mine operations for \$750 million; Hexagon, the world's biggest maker of measuring instruments, will buy U.S. based Intergraph for \$2.1 billion; Total S.A. will buy UTS Energy for \$1.4 billion; BC Partners and Silver Lake Partners will acquire U.S. healthcare services firm MultiPlan for about \$3.1 billion; Insurance broker Aon Corp. will buy human resources company Hewitt Associates for \$4.9 billion; Avon Products will acquire Silpada Designs, a direct seller of sterling silver jewelry, for \$650 million; Banco Santander will buy a 173 branch German retail banking network from Sweden's Skandinaviska Enskilda Banken for \$700 million; Tyco Electronics agree to buy broadband equipment maker ADC Telecommunications for \$1.25 billion; British Airways won European Union antitrust approval for a \$6.6 billion merger with Iberia Lineas Aereas; Carlyle Group will buy nutritional supplements maker NBTY for \$3.8 billion; Motorola will sell most of its wireless networks division to Nokia Siemens Networks for \$1.2 billion; Unilever, the world's 2<sup>nd</sup> largest consumer goods maker, agreed to sell its Italian frozen-foods unit to a group led by Birds Eye for \$1.0 billion; Reckitt Benckiser will buy SSL International for \$3.9 billion to bolster its health and personal-care business; GM will acquire auto finance company AmeriCredit for \$3.5 billion; Spain's

Telefonica will buy Portugal telecom's stake in Vivo after increasing its bid to \$9.7 billion; Avis Budget Group made a \$1.33 billion offer to buy Dollar Thrifty; and, Brazil's Vale, the world's largest iron ore producer, will buy copper maker Parapanema for \$1.1 billion;

## FIXED INCOME

Consumer prices fell for a 3<sup>rd</sup> straight month in June while consumer sentiment tumbled to an 11-month low in July, underscoring the soft nature of the economic recovery in the U.S. Deflationary forces appear to be stronger than what was widely acknowledged just 1-2 months ago.

Ben Bernanke told a congressional committee in July that the economy is "unusually uncertain." He said the economy is fragile, but he did not forecast that it would fall back into recession. Bernanke maintained that he expected "moderate growth, a gradual decline in the unemployment rate, and subdued inflation over the next several years."

Long-term interest rates were relatively stable in the month of July. The bellwether 10-year Treasury note ended the month yielding 2.91% down from 2.93% at the close of June. At month-end, the 30-year long bond yield was 3.98% and the 3-month T-bill was at 0.14%. The Barclays Capital US Aggregate Index was up by +1.07% in July. Investors reversed course from the prior couple of months and once again increased their risk appetite as evidenced by high yield bonds returning a strong 3.5% for the month of July.

On the economic front, the following key data was released in July with a majority of the reports confirming a slackening in the economy's recovery:

\*The Institute for Supply Management reported that its index tracking service-oriented companies fell to 53.8 in June from 55.4 in May.

\*Global semiconductor sales climbed 4.5% to \$24.7 billion in May.

\*The International Council of Shopping Centers' index of June retail sales rose 3.0% compared with a 5.1% decline in June 2009.

\*In the U.S., total employment outside of agriculture decreased by 125,000 in June. The departure of 225,000 temporary census workers outweighed a modest increase of 83,000 in private-sector employment. The unemployment rate also edged down, by a fifth of a percentage point to 9.5% in June, largely because the labor force shrank as fewer people sought jobs.

\*The Commerce Dept. reported that wholesale inventories increased 0.5% and sales dropped by 0.3% in May.

\*The Commerce Dept. reported that the U.S. trade deficit increased 4.8% to \$42.3 billion, the largest imbalance since November 2008.

\*The Commerce Dept. reported that retail spending dropped 0.5% in June following a 1.1% decline in May.

\*The Consumer Price Index, the government's most closely watched inflation barometer, dipped 0.1% in June.

\*The Commerce Dept. reported that construction of new homes and apartments in June fell 5% from a month earlier to a seasonally adjusted annual rate of 549,000, the lowest level since last October.

\*The National Association of Realtors estimated that sales of existing homes fell 5.1% to a seasonally adjusted annual rate of 5.37 million as a federal subsidy for home buyers wound down. The median price of an existing home rose to \$183,700 in June, 1.0% higher than 12 months ago.

\*The Conference Board's index of leading economic indicators slipped 0.2% in June, the second decline in the last three months.

\*New orders for long-lasting U.S. manufactured goods unexpectedly fell 1.0% in June, the 2<sup>nd</sup> straight month of declines.

The Conference Board reported that its Consumer Confidence Index fell to 50.4 in July, from 54.3 in June, reaching a five-month low. The Thomson Reuters/UM Survey also stated that consumer sentiment fell to its lowest level in 9 months on poor prospects for jobs/income.

### NON-U.S. MARKETS

The Bank of Canada raised its overnight rate target a quarter point to 0.75%, its second consecutive hike.

The preliminary GDP for Q2 in England was a surprise as overall activity increased 1.1% quarter-to-quarter, the largest gain in over four years. Consumer price inflation in the U.K. slowed to 3.2% in June from 3.4% in May. Retail sales rose 0.7% in June, the fourth gain in the last five months.

Seven European banks failed the stress tests conducted to assess their resilience to current economic conditions. These seven will have to raise \$4.5 billion in total with five of the troubled lenders being Spanish, one was Greek and one was German. The low failure rate was interpreted by some that the tests were not stringent enough while others were reassured.

Retail sales in the euro area crept up by 0.2% in May from the prior month. The euro zone purchasing managers index (PMI) rose 0.9 point to 56.5 in July. Business confidence also improved in July. In Germany, the Ifo index jumped 4.4 points to 106.2 after stagnating the prior two months.

France and Germany want to suspend voting rights of EU member states who run up excessive deficits and to impose financial sanctions on them.

In Japan, the all-industry activity index continues to trend higher. The index rose 0.2% in May, its second consecutive gain and highest level since November 2008.

China's economy cooled in the 2<sup>nd</sup> quarter to annual GDP growth of 10.3%, a slowdown that many economists expect to continue.

The Reserve Bank of India raised interest rates more than expected, lifting the repurchase rate by 25 basis points to 5.75%. The country's central bank stated the move was necessary to combat persistently high inflation.

Non-U.S. Developed markets outpaced the U.S. equity markets in the month of July as the euro rallied. The MSCI ACWI Ex-U.S. was up 9.1% (US dollars) in July. Developed stocks (EAFE) were up by 9.5% while Emerging Markets stocks rose by 8.4% for the month.

## CONCLUSIONS

Economic data released over the past couple of months has confirmed a slowdown of activity that is likely to translate into below trend GDP numbers for the second-half of 2010. The Federal Reserve and U.S. Treasury Dept. have been winding down their quantitative easing activity that has the effect of tightening into a period when economic activity does not look robust. The fear is that an increased risk of a second dip in economic activity becomes more reasonably likely. The lapsing of the Bush tax cuts at year-end is also right around the corner.

The debt burden of consumers and state and municipalities is too large and the choices over the next few years in dealing with that debt burden are: (i.) pay the debt down (deleveraging); (ii.) default; and, (iii.) reflate. The Federal Reserve can not lower interest rates any

further to help reflate the economy. A likely alternative would be for them to begin quantitative easing II (QEII). The jobless rate continues to hover around 10% and with mid-term elections coming up, the current administration might have no choice but to express their desire for the Fed to adopt QEII.

# MARKET UPDATE

For July 2010

US Equity Indices	Style	Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad US Equity	6.94%	(7.17%)	0.47%	14.82%	(6.34%)	0.05%	(0.07%)
Russell 200	Large Cap Equity	6.85%	(7.05%)	(1.77%)	11.27%	(7.13%)	(0.57%)	(2.21%)
Russell 200 Growth	Large Cap Growth	7.23%	(6.38%)	(2.67%)	11.31%	(3.97%)	0.58%	(4.97%)
Russell 200 Value	Large Cap Value	6.46%	(7.74%)	(0.81%)	11.25%	(10.28%)	(1.72%)	0.80%
S&P 500	Large Cap Equity	7.01%	(6.69%)	(0.11%)	13.84%	(6.78%)	(0.17%)	(0.76%)
Russell 1000	Large Cap Equity	6.95%	(7.01%)	0.11%	14.51%	(6.51%)	0.02%	(0.39%)
Russell 1000 Growth	Large Cap Growth	7.13%	(6.49%)	(1.06%)	13.65%	(4.25%)	0.80%	(4.08%)
Russell 1000 Value	Large Cap Value	6.77%	(7.52%)	1.30%	15.39%	(8.96%)	(0.91%)	2.92%
Russell Mid Cap	Mid Cap Equity	7.19%	(6.90%)	4.98%	23.21%	(4.85%)	1.59%	5.08%
Russell Mid Cap Growth	Mid Cap Growth	6.88%	(6.78%)	3.34%	20.17%	(4.74%)	1.57%	(0.68%)
Russell Mid Cap Value	Mid Cap Value	7.45%	(7.02%)	6.50%	26.14%	(5.45%)	1.22%	8.08%
Russell 2000	Small Cap Equity	6.87%	(8.89%)	4.79%	18.43%	(4.32%)	0.47%	4.03%
Russell 2000 Growth	Small Cap Growth	6.61%	(7.12%)	4.15%	16.71%	(3.85%)	1.07%	(0.20%)
Russell 2000 Value	Small Cap Value	7.14%	(10.48%)	5.38%	20.11%	(4.97%)	(0.24%)	7.87%
DJW US REIT Index	REITS	9.89%	(1.61%)	15.69%	54.94%	(4.91%)	0.06%	9.79%

## Non-US Indices

MSCI ACWI Ex-US	Broad Non-US Equity	9.06%	(3.53%)	(2.72%)	10.12%	(7.56%)	4.89%	3.58%
MSCI AC World Index	Global Equity	8.17%	(4.98%)	(1.68%)	11.61%	(7.16%)	2.54%	1.29%
MSCI EAFE	Developed Non-US Equity	9.49%	(3.90%)	(4.67%)	6.72%	(9.83%)	2.58%	1.92%
MSCI Emerging Mkts.	Emerging Non-US Equity	8.40%	(1.80%)	1.85%	20.24%	(1.28%)	13.35%	11.81%
ML Global Ex-US Bond	Global Bonds	4.76%	4.57%	1.85%	4.64%	8.21%	6.22%	7.39%
Euro	Currency	6.36%	(2.02%)	(9.20%)	(8.11%)	(1.64%)	1.41%	3.47%
Japanese Yen	Currency	2.11%	8.48%	7.43%	9.85%	11.17%	5.28%	2.37%
British Pound	Currency	4.68%	2.32%	(3.02%)	(5.53%)	(8.32%)	(2.31%)	0.45%

## US Fixed Income Indices

ML 3-month T-Bill	Cash	0.02%	0.05%	0.07%	0.16%	1.44%	2.72%	2.65%
Barclays US Aggregate	Core Bonds	1.07%	3.52%	6.46%	8.91%	7.63%	5.96%	6.48%
Barclays US Universal	Core Bonds Plus	1.29%	3.32%	6.61%	9.95%	7.50%	5.99%	6.62%
ML US Gov't/Credit	Core Bonds	1.16%	3.77%	6.84%	9.31%	7.32%	5.71%	6.47%
ML US Corporate Master	Corporate Bonds	2.05%	3.55%	8.27%	14.20%	7.74%	5.81%	7.05%
Barclays Mortgage Backed Securitie	Mortgages	0.86%	3.13%	5.35%	7.52%	8.29%	6.54%	6.56%
Merrill Lynch High Yield Master II	High Yield Bonds	3.47%	1.12%	8.37%	24.26%	8.76%	7.50%	7.43%

(not annualized if less than 1 year)

Source: mpi Stylus

Preliminary data

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JULY 31, 2010**

**PRELIMINARY BASIS**

**SUMMARY OF INVESTMENTS**

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
DOMESTIC EQUITIES	514,495,755	41.7%	41.4%	35.1% - 47.7%
INTERNATIONAL EQUITIES	250,571,629	20.3%	20.0%	17.0% - 23.0%
FIXED INCOME	446,086,789	36.2%	37.1%	33.4% - 40.8%
REAL ESTATE	16,145,163	1.3%	1.5%	1.0% - 2.0%
SECURITY LENDING	(2,765,149)	-0.2%	0.0%	0.0% - 0.0%
CASH (equity managers only)	8,249,936	0.7%	0.0%	0.0% - 3.0%
<b>TOTAL PORTFOLIO</b>	<b>1,232,784,123</b>	<b>100.0%</b>	<b>100.0%</b>	

	CURRENT	TARGET
DODGE & COX - LARGE CAP VALUE	13.2%	13.3%
BGI - R1000 VALUE INDEX	3.3%	3.0%
DELAWARE - LARGE CAP GROWTH	6.4%	6.8%
LOOMIS SAYLES - LARGE CAP GROWTH	5.3%	5.0%
CAPITAL PROSPECTS	5.0%	4.5%
LEGATO CAPITAL	4.3%	4.0%
BNY - S&P 500 INDEX	4.8%	4.8%
LSV ASSET MGMT - INTL EQ	10.2%	10.0%
PYRAMIS - INTL EQ	10.3%	10.0%
DODGE & COX FIXED INCOME	29.8%	32.1%
PIMCO	6.4%	5.0%
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 JULY 31, 2010**

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	514,495,755	483,504,268	6.41%	473,689,499	8.61%
INTERNATIONAL EQUITIES	250,571,629	230,895,863	8.52%	227,506,865	10.14%
FIXED INCOME	446,086,789	440,989,975	1.16%	334,875,191	33.21%
REAL ESTATE	16,145,163	14,663,597	10.10%	13,333,039	21.09%
SECURITIES LENDING	(2,765,149)	(2,817,652)			
CASH (equity managers only)	8,249,936	10,603,441	-22.20%	52,033,024	-84.14%
<b>TOTAL PORTFOLIO</b>	<b>1,232,784,123</b>	<b>1,177,839,494</b>	<b>4.66%</b>	<b>1,101,437,619</b>	<b>11.93%</b>
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	41.73%	41.05%	0.7%	43.01%	-1.3%
INTERNATIONAL EQUITIES	20.33%	19.60%	0.7%	20.66%	-0.3%
FIXED INCOME	36.19%	37.44%	-1.3%	30.40%	5.8%
REAL ESTATE	1.31%	1.24%	0.1%	1.21%	0.1%
SECURITY LENDING	-0.22%	-0.24%	0.0%		
CASH (equity managers only)	0.67%	0.90%	-0.2%	4.72%	-4.1%
<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, 2010**

PRELIMINARY BASIS

MANAGER ALLOCATION

ASSET CLASS	MARKET VALUE	PERCENT	POLICY TARGET	RANGE
<b>DOMESTIC EQUITIES</b>				
DODGE & COX - LARGE CAP VALUE	162,411,900	13.2%	13.3%	10.8% - 15.8%
BLACKROCK - R1000 VALUE INDEX	40,550,735	3.3%	3.0%	2.0% - 4.0%
DELAWARE - LARGE CAP GROWTH	79,312,738	6.4%	6.8%	5.3% - 8.3%
BLACKROCK - R1000 GROWTH INDEX	64,861,733	5.3%	5.0%	4.0% - 6.0%
CAPITAL PROSPECTS - SMALL CAP VALUE	61,541,932	5.0%	4.5%	3.5% - 5.5%
LEGATO CAPITAL - SMALL CAP GROWTH	52,477,225	4.3%	4.0%	3.0% - 5.0%
BNY - S&P 500 INDEX	<u>59,641,418</u>	4.8%	4.8%	3.8% - 5.8%
<b>TOTAL DOMESTIC EQUITIES</b>	<b>520,797,682</b>	<b>42.2%</b>	<b>41.4%</b>	
<b>FIXED INCOME</b>				
DODGE & COX	367,506,990	29.8%	32.1%	29.1% - 35.1%
PIMCO	<u>78,579,800</u>	6.4%	5.0%	4.0% - 6.0%
<b>TOTAL FIXED INCOME</b>	<b>446,086,789</b>	<b>36.2%</b>	<b>37.1%</b>	
<b>INTERNATIONAL INVESTMENTS</b>				
LSV ASSET MGMT.	125,536,957	10.2%	10.0%	8.0% - 12.0%
PYRAMIS	<u>126,982,681</u>	10.3%	10.0%	8.0% - 12.0%
<b>TOTAL INTERNATIONAL EQUITIES</b>	<b>252,519,638</b>	<b>20.5%</b>	<b>20.0%</b>	
<b>REAL ESTATE</b>				
INVESCO	<u>16,145,163</u>	1.3%	1.5%	0.0% - 3.0%
<b>TOTAL REAL ESTATE</b>	<b>16,145,163</b>	<b>1.3%</b>	<b>1.5%</b>	
SECURITIES LENDING	<u>(2,765,149)</u>	-0.2%	0.0%	0.0% - 0.0%
<b>TOTAL StanCERA PORTFOLIO</b>	<b><u>1,232,784,123</u></b>	<b>100.0%</b>	<b>100.0%</b>	

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JULY 31, 2010**  
**PRELIMINARY**

	TOTAL FUND			
	CASH	BONDS	EQUITIES	TOTAL
<b>DOMESTIC EQUITIES</b>				
DODGE & COX - LARGE CAP VALUE	2,083,228		160,328,673	162,411,900
BLACKROCK - R1000 VALUE INDEX	6,222		40,544,513	40,550,735
DELAWARE - LARGE CAP GROWTH	688,454		78,624,285	79,312,738
BLACKROCK - R1000 GROWTH INDEX	356,367		64,505,365	64,861,733
CAPITAL PROSPECTS - SMALL CAP VALUE	1,673,133		59,868,799	61,541,932
LEGATO CAPITAL - SMALL CAP GROWTH	1,494,333		50,982,892	52,477,225
BNY - S&P 500 INDEX	190		59,641,228	59,641,418
TOTAL DOMESTIC EQUITIES	6,301,927		514,495,755	520,797,682
<b>FIXED INCOME</b>				
DODGE & COX	8,503,855	359,003,134		367,506,990
PIMCO	8,139,334	70,440,465		78,579,800
TOTAL FIXED INCOME	16,643,190	429,443,600		446,086,789
<b>INTERNATIONAL INVESTMENTS</b>				
LSV ASSET MGMT.	1,745,074		123,791,883	125,536,957
PYRAMIS	202,935		126,779,746	126,982,681
TOTAL INTERNATIONAL EQUITIES	1,948,009		250,571,629	252,519,638
<b>REAL ESTATE</b>				
INVESCO	0		16,145,163	16,145,163
TOTAL REAL ESTATE	0		16,145,163	16,145,163
SECURITIES LENDING	(2,765,149)			(2,765,149)
<b>TOTAL STANCERA PORTFOLIO</b>	<b>22,127,976</b>	<b>429,443,600</b>	<b>781,212,547</b>	<b>1,232,784,123</b>

1.8%      34.8%      63.4%      100.0%

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JULY 31, 2010**

**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>160,328,673</b>	<b>7.21%</b>	<b>0.44%</b>	<b>-5.81%</b>	<b>-0.18%</b>	<b>7.21%</b>	<b>0.44%</b>
<i>RUSSELL 1000 VALUE</i>		6.77%		-5.63%		6.77%	
<b>BLACKROCK - R1000 VALUE INDEX***</b>	<b>40,544,513</b>	<b>6.78%</b>	<b>0.01%</b>	<b>-5.55%</b>	<b>0.08%</b>	<b>6.78%</b>	<b>0.01%</b>
<i>RUSSELL 1000 VALUE</i>		6.77%		-5.63%		6.77%	
<b>DELAWARE - LARGE CAP GROWTH</b>	<b>78,624,285</b>	<b>4.94%</b>	<b>-2.19%</b>	<b>-5.23%</b>	<b>0.28%</b>	<b>4.94%</b>	<b>-2.19%</b>
<i>RUSSELL 1000 GROWTH</i>		7.13%		-5.51%		7.13%	
<b>BLACKROCK - R1000 GROWTH INDEX****</b>	<b>64,505,365</b>	<b>7.74%</b>	<b>0.61%</b>	<b>-6.29%</b>	<b>-0.78%</b>	<b>7.74%</b>	<b>0.61%</b>
<i>RUSSELL 1000 GROWTH</i>		7.13%		-5.51%		7.13%	
<b>CAPITAL PROSPECTS*</b>	<b>59,868,799</b>	<b>7.58%</b>	<b>0.44%</b>	<b>-7.49%</b>	<b>1.24%</b>	<b>7.58%</b>	<b>0.44%</b>
<i>RUSSELL 2000 VALUE</i>		7.14%		-8.73%		7.14%	
<b>LEGATO CAPITAL**</b>	<b>50,982,892</b>	<b>4.16%</b>	<b>-2.45%</b>	<b>-5.73%</b>	<b>0.98%</b>	<b>4.16%</b>	<b>-2.45%</b>
<i>RUSSELL 2000 GROWTH**</i>		6.61%		-6.71%		6.61%	
<b>BNY - S&amp;P 500 INDEX</b>	<b>59,641,228</b>	<b>7.00%</b>	<b>-0.01%</b>	<b>-5.23%</b>	<b>0.00%</b>	<b>7.00%</b>	<b>-0.01%</b>
<i>S&amp;P 500</i>		7.01%		-5.23%		7.01%	
<b>TOTAL DOMESTIC EQUITY</b>	<b>514,495,755</b>	<b>6.52%</b>	<b>-0.42%</b>	<b>-5.88%</b>	<b>-0.13%</b>	<b>6.52%</b>	<b>-0.42%</b>
<i>Russell 3000 Index</i>		6.94%		-5.75%		6.94%	
<b>FIXED INCOME</b>							
<b>DODGE &amp; COX</b>	<b>367,506,990</b>	<b>1.13%</b>	<b>0.06%</b>	<b>1.42%</b>	<b>-0.15%</b>	<b>1.13%</b>	<b>0.06%</b>
<i>BARCLAYS US AGGREGATE BOND</i>		1.07%		1.57%		1.07%	
<b>PIMCO****</b>	<b>78,579,800</b>	<b>1.26%</b>	<b>0.19%</b>	<b>1.69%</b>	<b>0.12%</b>	<b>1.26%</b>	<b>0.19%</b>
<i>BARCLAYS US AGGREGATE BOND</i>		1.07%		1.57%		1.07%	
<b>TOTAL FIXED INCOME</b>	<b>446,086,789</b>	<b>1.15%</b>	<b>0.08%</b>	<b>1.45%</b>	<b>-0.12%</b>	<b>1.15%</b>	<b>0.08%</b>
<i>BARCLAYS US AGGREGATE BOND</i>		1.07%		1.57%		1.07%	
<b>INTERNATIONAL INVESTMENTS</b>							
<b>LSV ASSET MGMT</b>	<b>123,791,883</b>	<b>8.66%</b>	<b>-0.40%</b>	<b>-0.84%</b>	<b>0.42%</b>	<b>8.66%</b>	<b>-0.40%</b>
<i>MSCI ACWI Free ex-US</i>		9.06%		-1.26%		9.06%	
<b>PYRAMIS</b>	<b>126,779,746</b>	<b>8.03%</b>	<b>-1.03%</b>	<b>-0.93%</b>	<b>0.33%</b>	<b>8.03%</b>	<b>-1.03%</b>
<i>MSCI ACWI Free ex-US</i>		9.06%		-1.26%		9.06%	
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>250,571,629</b>	<b>8.34%</b>	<b>-0.72%</b>	<b>-0.89%</b>	<b>0.37%</b>	<b>8.34%</b>	<b>-0.72%</b>
<i>MSCI ACWI Free ex-US</i>		9.06%		-1.26%		9.06%	
<b>REAL ESTATE</b>							
<b>INVESCO</b>	<b>16,145,163</b>	<b>10.10%</b>	<b>0.08%</b>	<b>-2.30%</b>	<b>-0.36%</b>	<b>10.10%</b>	<b>0.08%</b>
<i>FTSE EPRA/NAREIT Global REIT</i>		10.02%		-1.94%		10.02%	
<b>SECURITIES LENDING</b>							
<b>BNY MELLON</b>	<b>(2,765,149)</b>						
<b>CASH and SHORT-TERM INVESTMENTS</b>							
<b>CASH</b>	<b>8,249,936</b>	<b>0.01%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.00%</b>
<i>90 DAY TREASURY BILL</i>		0.01%		0.01%		0.01%	
<b>TOTAL StanCERA Fund</b>	<b>1,232,784,123</b>	<b>4.93%</b>	<b>-0.30%</b>	<b>-2.23%</b>	<b>-0.04%</b>	<b>4.93%</b>	<b>-0.30%</b>
<i>Policy Index</i>		5.23%		-2.19%		5.23%	
<i>Actuary Rate of Assumption (8.16%)</i>		0.66%	<b>4.27%</b>	0.66%	<b>-2.89%</b>	0.66%	<b>4.27%</b>
<i>Actuary Rate of Inflation (4.00%)</i>		0.33%	<b>4.60%</b>	0.33%	<b>-2.56%</b>	0.33%	<b>4.60%</b>

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

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

\*\*\*\*PIMCO funded 5/1/10

\*\*\*\*\*BLACKROCK R1000 Growth Index Funded June 30, 2010