



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
832 12th Street, Suite 600  
Modesto, CA 95354  
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## AGENDA

BOARD OF RETIREMENT  
832 12<sup>th</sup> Street, Suite 600 – **Wesley W. Hall Board Room**  
Modesto, CA 95354

**March 24, 2015**  
**2:00 p.m.**

The Board of Retirement welcomes you to its meetings, which are regularly held on the second Wednesday and the fourth Tuesday of each month. Your interest is encouraged and appreciated.

**CONSENT ITEMS:** These matters include routine administrative actions and are identified under the Consent Items heading.

**PUBLIC COMMENT:** Matters under jurisdiction of the Board, may be addressed by the general public before or during the regular agenda. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined an emergency by the Board of Retirement. Any member of the public wishing to address the Board during the "Public Comment," period shall be permitted to be heard once up to three minutes. Please complete a Public Comment Form and give it to the Chair of the Board. Any person wishing to make a presentation to the Board must submit the presentation in written form, with copies furnished to all Board members. Presentations are limited to three minutes.

**BOARD AGENDAS & MINUTES:** Board agendas, Minutes and copies of items to be considered by the Board of Retirement are customarily posted on the Internet by Friday afternoon preceding a meeting at the following website: [www.stancera.org](http://www.stancera.org).

Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection at StanCERA, 832 12th Street, Suite 600, Modesto, CA 95354, during normal business hours.

**AUDIO:** All Board of Retirement regular meetings are audio recorded. Audio recordings of the meetings are available after the meetings at [http://www.stancera.org/agenda\\_schedule](http://www.stancera.org/agenda_schedule).

**NOTICE REGARDING NON-ENGLISH SPEAKERS:** Board of Retirement meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

**REASONABLE ACCOMMODATIONS:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Board Secretary at (209) 525-6393. Notification 72 hours prior to the meeting will enable StanCERA to make reasonable arrangements to ensure accessibility to this meeting.

1. Meeting Called to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
  - a. Approval of the March 11, 2015 Meeting Minutes [View](#)

6. Annual Performance Report by Legato Capital Management, LLC [View](#)
  - a. Value Added Report [View](#)
7. Strategic Investment Solutions (SIS), Inc.
  - a. Monthly Flash Report for the Month Ending February 28, 2015 [View](#)
  - b. Report on “Top 10 Holdings” of StanCERA Investment Managers as of February 28, 2015 [View](#)
8. Closed Session
  - a. Discussion and Action Regarding Allocation of StanCERA’s Infrastructure Assets  
Government Code Section 54956.81
  - b. Conference with Legal Counsel – Pending Litigation – One Case:  
Stanislaus County Employees’ Retirement Association v. Buck Consultants,  
LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152  
Government Code Section 54956.9(d)(4)
  - c. Conference with Legal Counsel – Pending Litigation – One Case:  
O’Neal et al v. Stanislaus County Employees’ Retirement Association  
Stanislaus County Superior Court Case No. 648469  
Government Code Section 54956.9(d)(1)
  - d. Conference with Legal Counsel – Pending Litigation – One Case:  
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County  
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate  
District, Case No. H038894  
Government Code Section 54956.9(d)(1)
9. Members’ Forum (Information and Future Agenda Requests Only)
10. Adjournment



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**PLEASE POST FOR EMPLOYEE VIEWING**

**BOARD OF RETIREMENT MINUTES**

**March 11, 2015**

**Trustees Present:** Maria DeAnda, Donna Riley, Gordon Ford,  
Jason Gordo, Mike Lynch, Jim DeMartini,  
Darin Gharat, and Michael O'Neal

**Trustees Absent:** Jeff Grover

**Alternate Trustee Present:** Joan Clendenin, Alternate Retiree Representative

**Staff Present:** Rick Santos, Executive Director  
Kathy Herman, Fiscal Services Manager  
Kellie Gomes, Executive Board Secretary  
Donna Wood, Retirement Specialist  
Mary Williams, Administrative Assistant

**Others Present:** Fred Silva, General Legal Counsel  
Graham Schmidt, Cheiron  
Jody Hayes, Chief Executive Office  
Doris Foster, Chief Executive Office  
Jeanine Bean, Superior Court

1. Meeting Called to Order

Meeting called to order at 2:02 p.m. by Trustee DeAnda, Chair.

2. Roll Call

3. Announcements

Donna Wood announced that 5.f.1. Approval of Reciprocal Disability Retirement – Section 31838.5 for a Service-Connected Retirement was a reciprocal disability retirement with the member last working for a CalPERS covered employer. This rare situation has CalPERS responsible for payment in full of the service connected disability retirement with StanCERA only responsible for an annuity retirement paid out of the member's own contributions to StanCERA.

4. Public Comment

5. Consent Items

- a. Approval of February 24, 2015 Meeting Minutes
- b. Correspondence – SACRS Internal Trustee Database
- c. Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810**
  - 1. Alwyin, Kathie – HSA – Effective 03-31-2015
  - 2. Belkin, Ronald – Probation – Effective 03-28-2015 \*
  - 3. Bennett, James – Sheriff – Effective 03-21-2015 \*
  - 4. Burroughs, Edward – County Counsel – Effective 03-07-2015
  - 5. Carroll, Adrian – BHRS – Effective 03-28-2015
  - 6. Chilton, Jeffrey – Public Works – Effective 03-20-2015
  - 7. Clayton, Linda – Clerk/Recorder – Effective 03-21-2015
  - 8. Cole, Rodger – Public Works – Effective 03-20-2015
  - 9. Conley, Sandra – CSA – Effective 03-21-2015
  - 10. Cruz, Debbie – District Attorney – Effective 03-21-2015
  - 11. De Dios, Helen – CSA – Effective 03-21-2015
  - 12. Estrada, Clair – DCSS – Effective 03-20-2015
  - 13. Flores, Ernestina – CSA – Effective 03-03-2015
  - 14. Frink, Carolyn – Stanislaus Regional 911 – Effective 03-21-2015
  - 15. Garcia, Margaret – CSA – Effective 03-21-2015
  - 16. Garza, Josephina – CSA – Effective 03-21-2015
  - 17. Gharat, Darin – Sheriff – Effective 03-21-2015 \*
  - 18. Hardenbrook, Dwayne – Sheriff – Effective 03-21-2015 \*
  - 19. Harper, Clifford – Sheriff – Effective 03-07-2015 \*
  - 20. Haverson, Dianna – CSA – Effective 03-21-2015
  - 21. Hermosa, Renae – Sheriff – Effective 03-22-2015
  - 22. Hernandez, Pat – CSA – Effective 03-07-2015
  - 23. Huskey, Sherry – Probation – Effective 03-21-2015 \*
  - 24. Ibarra, Griselda – HSA – Effective 03-31-2015
  - 25. Ingold, Janice – Auditor Controller – Effective 03-21-2015
  - 26. Intorf, Karen – Stanislaus Regional 911 – Effective 03-21-2015
  - 27. Jameson, Janette – BHRS – Effective 03-31-2015
  - 28. Kimbrough, Gilbert – Library – Effective 03-29-2015
  - 29. Layton, Neena – Auditor Controller – Effective 03-06-2015
  - 30. Lee, Donna – Superior Court – Effective 03-21-2015
  - 31. Lewis, Deborah – BHRS – Effective 03-21-2015
  - 32. Lewis, Donald – Sheriff – Effective 03-07-2015 \*
  - 33. Lindsay, Judy – Public Works – Effective 03-20-2015
  - 34. Loya, Alex – BHRS – Effective 03-21-2015
  - 35. Martin, Michael – Public Works – Effective 03-20-2015
  - 36. Mc Cormick, Larry – Public Works – Effective 03-20-2015



5. Consent Items (Cont.)

c . Approval of Service Retirement(s) – **Sections 31499.14, 31670, 31662.2 & 31810** (cont.)

37. Morris, Timothy – Public Works – Effective 02-12-2015
38. Myers, Harry – Environmental Resources – Effective 03-21-2015
39. Origel, Teresa – CSA – Effective 03-21-2015
40. Radu, Viorica – Treasurer – Effective 03-21-2015
41. Rillamas, Francisco – HSA – Effective 03-24-2015
42. Rodriguez-Paye, Rose – HSA – Effective 03-02-2015
43. Rowe, Sheryle Ann – Public Works – Effective 03-07-2015
44. Shipley, Carol – District Attorney – Effective 03-28-2015
45. Siegel, Cynthia – Probation – Effective 03-07-2015
46. Smith, Greg – Sheriff – Effective 03-21-2015 \*
47. Smith, Nancy – Public Defender – Effective 03-31-2015
48. Smith, Richard – Sheriff – Effective 03-21-2015 \*
49. Tackett, Michael – Public Works – Effective 03-06-2015
50. Thomas, Virginia – Environmental Resources – Effective 03-21-2015
51. Tran, Dao – BHRS – Effective 03-21-2015
52. Villa, Elida – CSA – Effective 03-28-2015
53. Williams, Robert – Planning & Community Dev – Effective 02-10-2015

*\* Indicates Safety Personnel*

d. Approval of Deferred Retirement(s) – **Section 31700**

1. Fidalgo, Teresa – CSA – Effective 01-17-2015
2. Jeffers, Chante – Sheriff – Effective 02-13-2015 \*
3. Jones, Gregory – Sheriff – Effective 12-27-2014 \*
4. Klinge, Joshua – City of Ceres (Police) – Effective 01-26-2015 \*
5. Martin, Melinda – HSA – Effective 01-07-2015
6. Martinez, Adrian – Sheriff – Effective 02-04-2015 \*
7. Medina, George – CSA – Effective 01-22-2015
8. Perry, Derek – City of Ceres (Police) – Effective 02-15-2015 \*
9. Phillips, Cheryl – Clerk/Recorder – Effective 02-14-2015
10. Phovixay, Sidaphone – BHRS – Effective 02-18-2015
11. Spaulding, Dana Marie – Sheriff – Effective 12-16-2014 \*

*\* Indicates Safety Personnel*

e. Approval of Disability Retirement – **Section 31724**

1. De Vera, Aurora - CSA, Service-Connected, Effective 11-14-13

5. Consent Items (Cont.)

f. Approval of Reciprocal Disability Retirement - **Section 31838.5**

1. Castillo, Gary - Sheriff, Service-Connected, Effective 01-10-15 \*

*\* Indicates Safety Personnel*

Trustee Gharat recused himself from voting on Consent Item 5.c. Motion was made by Trustee Gharat and seconded by Trustee Riley to approve Consent Items 5.a., 5.b., 5.d., 5.e., and 5.f. as presented.

Motion carried unanimously.

2:07 p.m. Trustee Gharat left meeting.

Motion was made by Trustee Gordo and seconded by Trustee Ford to approve Consent Item 5.c. as presented.

Motion carried unanimously.

2:08 p.m. Trustee Gharat returned to meeting.

6. Cheiron Actuaries

2:11 p.m. Trustee Gharat left meeting.

Discussion and Action on Cheiron's Presentation of the 2014 Final Actuarial Valuation.

2:14 p.m. Trustee Gharat returned to meeting.

Graham Schmidt, Consulting Actuary from Cheiron, presented the final Actuarial Valuation for 2014.

Motion was made by Trustee Gordo and seconded by Trustee Gharat to approve 2014 Final Actuarial Valuation as presented.

Motion carried unanimously.

7. Executive Director

a. Monthly Staff Report

Kathy Herman presented an update on the Investment RFP, the transition of services from Member and Employer Services to Fiscal Services, and the Data Audit.

7. Executive Director (Cont.)

- b. Discussion and Action on the 2015 State Association of County Retirement Systems (SACRS) Spring Conference (May 12-15, 2015) Voting Proxy Form.

Kellie Gomes presented the Voting Proxy Form for the 2015 SACRS Spring Conference (May 12-15, 2015) for discussion and action.

Motion was made by Trustee Gharat and seconded by Trustee Gordo to approve Trustee Grover as Voting Delegate and Trustee O'Neal as Alternate Voting Delegate at the 2015 SACRS Spring Conference.

Motion carried unanimously.

- c. Discussion and Action on the SACRS Nominating Committee's recommended ballot for elections to the 2015-2016 SACRS Board of Directors to be held at the SACRS Business Meeting on May 15, 2015.

Motion was made by Trustee O'Neal and seconded by Trustee Gharat to accept the list of persons nominated for election to the 2015-2016 SACRS Board of Directors as presented.

Motion carried unanimously.

3:10 p.m. Jason Gordo left meeting.

8. Committee Reports and Recommendations for Action

Standing Committees

a. Due Diligence Committee

I. Report on 2015 Due Diligence schedule

Trustee Riley reported out that the Due Diligence Committee will undertake its annual diligence trips on June 2 through June 5, 2015.

3:12 p.m. Jason Gordo returned to meeting.

II. Report on the Investment Consultant RFP process

Trustee Riley reported out the intended plan for the evaluation process for StanCERA's prospective new Investment Consultant.



9. Closed Session

- a. Discussion and Action Regarding Allocation of StanCERA's Infrastructure Assets  
Government Code Section 54956.81
- b. Conference with Legal Counsel – Pending Litigation – One Case:  
Stanislaus County Employees' Retirement Association v. Buck Consultants,  
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District, Case No. H038894  
Government Code Section 54956.9(d)(1)

10. Members' Forum (Information and Future Agenda Requests Only)

Trustee Clendenin commented on Item # 5.b. She had intended to pull this item to allow further discussion to say that she did not have a problem with giving direct contact Trustee information to the SACRS Board.

Trustee DeMartini expressed interest in the Executive Director of StanCERA presenting a report to the County Board of Supervisors on StanCERA's financial state.

Trustee Ford commented on his recent attendance at the CALAPRS General Assembly Conference and his discussion with other 37 Act System representatives that, as does he, disagree with the inclusion of Pay Day Loan entities in their investment portfolios.

Trustee Gharat acknowledged this as being his last Board meeting with StanCERA by thanking the past and present Board Members and Staff.



11. Adjournment

Meeting adjourned at 3:22 p.m.

Respectfully submitted,



Rick Santos, Executive Director

APPROVED AS TO FORM:  
FRED A. SILVA, GENERAL LEGAL COUNSEL

By:   
Fred A. Silva, General Legal Counsel

# STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD PRESENTATION

MARCH 24, 2015

Legato Capital Management LLC  
111 Pine Street  
Suite #1700  
San Francisco, CA 94111

General Office: (415) 821-8585  
Investment Office: (415) 821-8586  
Fax: (877) 838-8304  
[info@legatocm.com](mailto:info@legatocm.com)



## Biographical Information

### **Victor L. Hymes**

**[hymes@legatocm.com](mailto:hymes@legatocm.com)**

**Direct line: (415) 821-8560**

Mr. Hymes is the Chief Executive Officer and Chief Investment Officer at Legato Capital Management LLC and brings 32 years of investment experience to these roles. Prior to founding Legato in 2004, he held the positions of Chief Investment Officer and Chief Operating Officer at Cazenave Partners, LLC. Before joining Cazenave Partners, Mr. Hymes spent ten years managing investment portfolios for public and corporate pension funds, Taft-Hartley and eleemosynary clients at Scudder, Stevens & Clark, Inc. Early in the year 2000, following Scudder's reorganization as Zurich Scudder Investments, Inc., he headed Zurich's \$80 billion North American institutional business. Mr. Hymes' professional career began with nearly a decade of work at Goldman, Sachs & Company and Kidder, Peabody & Company. He received his undergraduate degree from Oberlin College and holds an MBA from the Stanford University Graduate School of Business. He is a member of the Strategic Advisory Board of the CFA Society of San Francisco.

### **Adam S. Lawlor, CFA**

**[lawlor@legatocm.com](mailto:lawlor@legatocm.com)**

**Direct line: (415) 821-8561**

Mr. Lawlor is a Senior Vice President and member of the investment committee at Legato Capital Management LLC. Prior to Legato's founding in 2004, he held the position of Director of Manager Research at Cazenave Partners, LLC. From 2000 to 2002, Mr. Lawlor directed the Investment Consulting Group at Robertson Stephens. From 1995 to 2000, he was a member of the Global Manager Research Group at Callan Associates. Mr. Lawlor has 23 years of investment experience. He received his undergraduate degree from the University of Connecticut, Storrs, where he studied business administration. He is a member of both the CFA Institute and the CFA Society of San Francisco.



## Outline of Presentation

I. Firm Snapshot

II. Small Cap Growth Portfolio

III. Manager Overview

Appendices

A. Firm Overview and Process Snapshot

B. Compliance Checklist and Investment Guidelines

C. Legato Style Classifications

## **Section I.**

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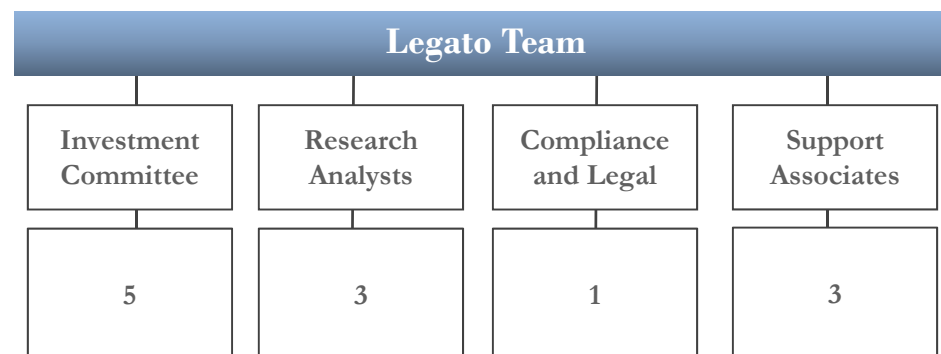
### **Firm Snapshot**

# Firm Snapshot

As of December 31, 2014

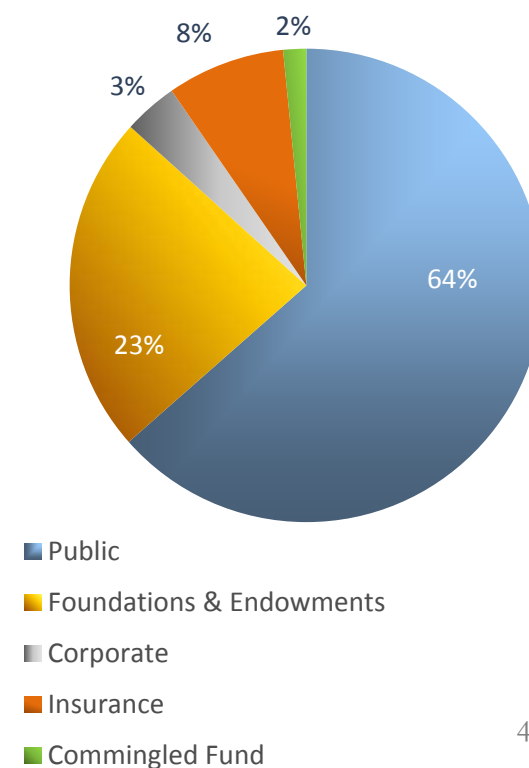
- Founded in 2004
- Over \$1.4 billion in AUM
- 12 employees
- Located in San Francisco, CA
- Over 145 years of cumulative investment experience<sup>†</sup>
- Majority employee ownership

<sup>†</sup>Includes members from the Investment Committee and Research Analysts



## AUM by Client Type as of December 31, 2014

| CLIENT TYPE              | PRODUCT  | ASSETS                 | % OF AUM    |
|--------------------------|--|------------------------|-------------|
| Public                   | Small Cap Growth<br>All Cap Core<br>Global Opportunities | \$929 million          | 64%         |
| Foundations & Endowments | Small Cap Core   | \$339 million          | 23%         |
| Corporate                | Micro Cap Core   | \$54 million           | 3%          |
| Insurance                | Large Cap Quality Value<br>Large Cap Quality Core        | \$118 million          | 8%          |
| Commingled Fund          | International All Cap                                    | \$23 million           | 2%          |
| <b>TOTAL AUM</b>         |  | <b>\$1,463 million</b> | <b>100%</b> |





## **Section II.**

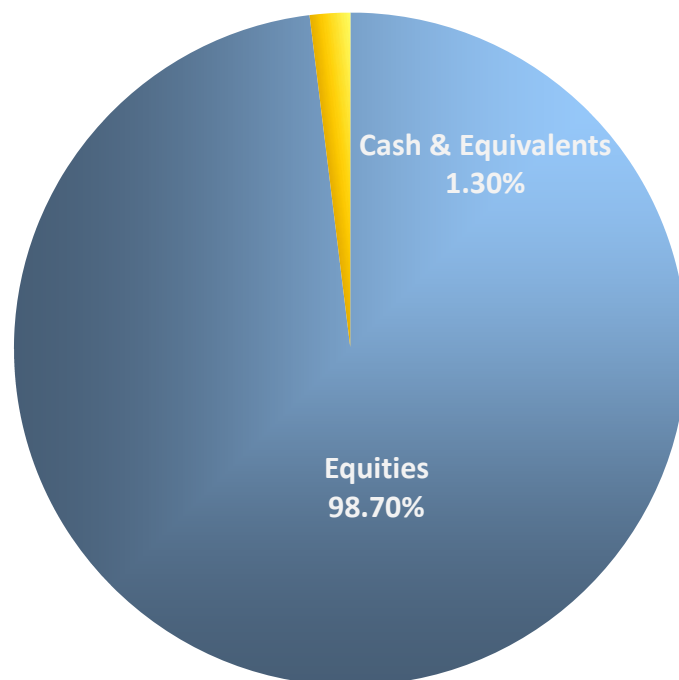
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### **Small Cap Growth Portfolio**

## Investment Objective

A small cap growth manager of managers (MOM) portfolio that seeks to consistently produce alpha by utilizing entrepreneurial managers with complementary styles. The Portfolio is benchmarked against the Russell 2000® Growth Index.

## Total Assets



| StanCERA - Small Cap Growth Portfolio |  | Market Value    | Allocation |
|---------------------------------------|--|-----------------|------------|
| Equities                              |  | \$89,187,351.45 | 98.70%     |
| Cash & Equivalents                    |  | \$1,170,947.84  | 1.30%      |
| Total Portfolio                       |  | \$90,358,299.29 | 100.00%    |
| Market Value - 09/30/2014             |  | \$82,817,827.27 |            |
| Net Additions and Withdrawals         |  | \$0.00          |            |
| Interest and Dividends                |  | \$96,855.87     |            |
| Net Gains and Losses                  |  | \$7,443,616.15  |            |
| Market Value - 12/31/2014             |  | \$90,358,299.29 |            |

## Manager Allocations

### *As of December 31, 2014*

| Manager                      | Style  | Sub-Style    | Target Weight Allocation | Current Weight | Difference |
|------------------------------|--------|--------------|--------------------------|----------------|------------|
| AMI Asset Management         | Growth | Conservative | 24.00%                   | 21.88%         | -2.12%     |
| Rice Hall James & Associates | Growth | Conservative | 24.00%                   | 22.79%         | -1.21%     |
| Lee Munder Capital Group     | Growth | Pure         | 20.50%                   | 22.10%         | 1.60%      |
| CastleArk Management         | Growth | Aggressive   | 17.00%                   | 17.99%         | 0.99%      |
| EAM Investors                | Growth | Aggressive   | 14.50%                   | 15.24%         | 0.74%      |

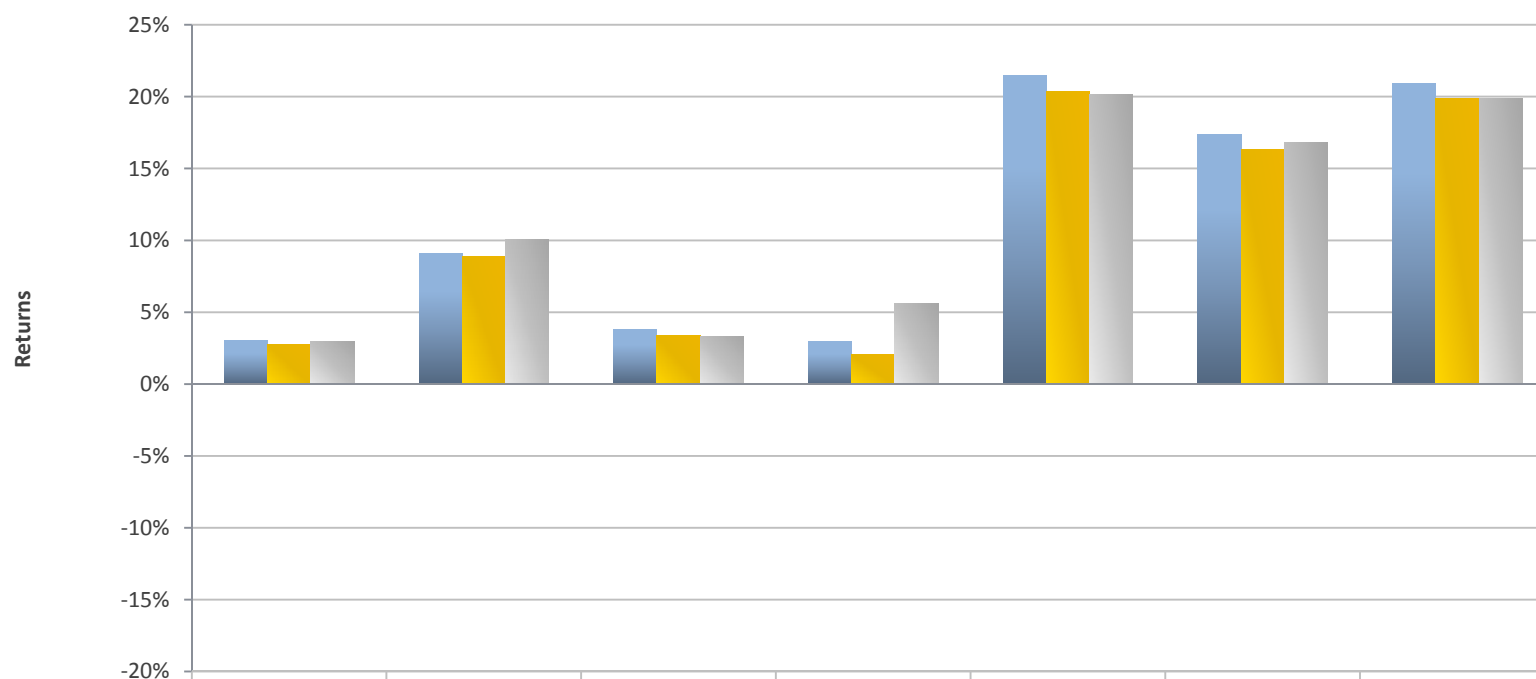
Style and sub-style characterizations are based on Legato Capital Management's classifications. For more detail on the Managers, please refer to Section III.



## Investment Performance

For the fourth quarter, the Portfolio (gross-of-fees) underperformed its benchmark by 0.96%. Since inception, the Portfolio (gross-of-fees) has outperformed its benchmark by 1.06% on an annualized basis.

### StanCERA - Small Cap Growth As of December 31, 2014



|                              | 1-Month | QTD    | FYTD* | 1-Year | 3-Year Annualized | 5-Year Annualized | Since Inception Annualized** |
|------------------------------|---------|--------|-------|--------|-------------------|-------------------|------------------------------|
| ■ StanCERA - Gross           | 3.01%   | 9.10%  | 3.83% | 2.98%  | 21.45%            | 17.35%            | 20.94%                       |
| ■ StanCERA - Net             | 2.79%   | 8.86%  | 3.37% | 2.06%  | 20.38%            | 16.30%            | 19.88%                       |
| ■ Russell 2000® Growth Index | 2.97%   | 10.06% | 3.31% | 5.60%  | 20.14%            | 16.80%            | 19.88%                       |

\*Fiscal year-end: June 30, 2015. \*\*Portfolio inception date: December 22, 2008.

Past performance is no guarantee of future results. Gross-of-fees returns are presented gross of advisory and custodial fees, but net of trading expenses and non-reclaimable withholding taxes. Net-of-fees returns are calculated by deducting actual advisory fees incurred by the Portfolio from the gross-of-fees returns.

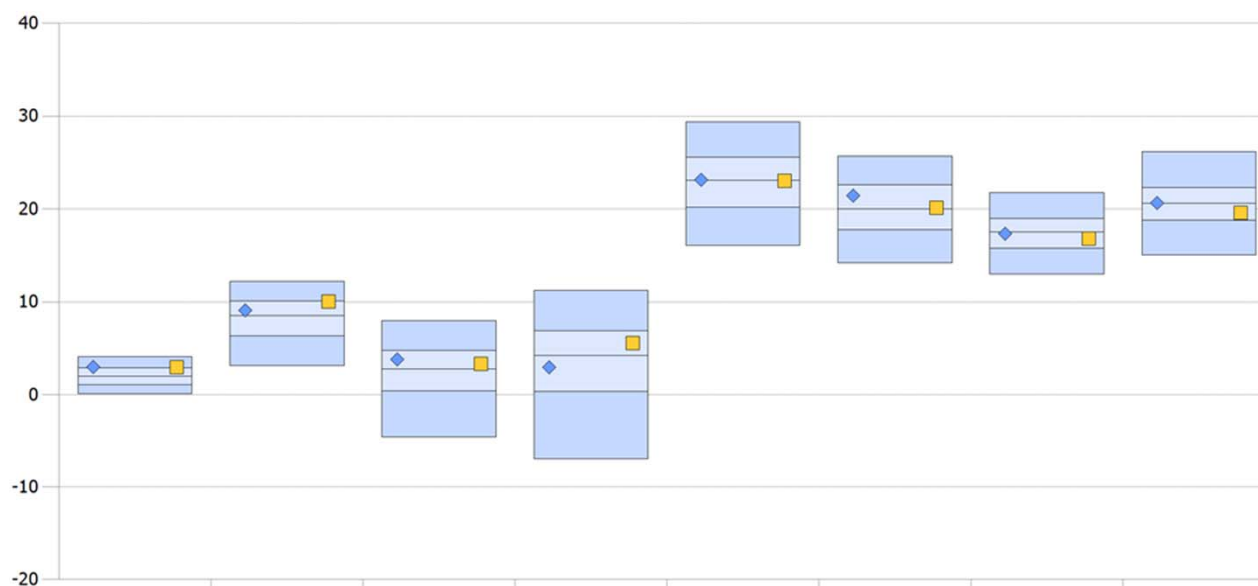
Performance results reflect the reinvestment of dividends and other earnings.

## Investment Performance – Universe Comparison – eVestment Small Cap Growth

StanCERA - Small Cap Growth  
As of December 31, 2014

◆ Legato - StanCERA SCG: Legato -  
StanCERA SCG  
■ Russell Index: Russell 2000 Growth

Returns as Of: December 31, 2014



Universe:  
eVestment US Small Cap Growth Equity

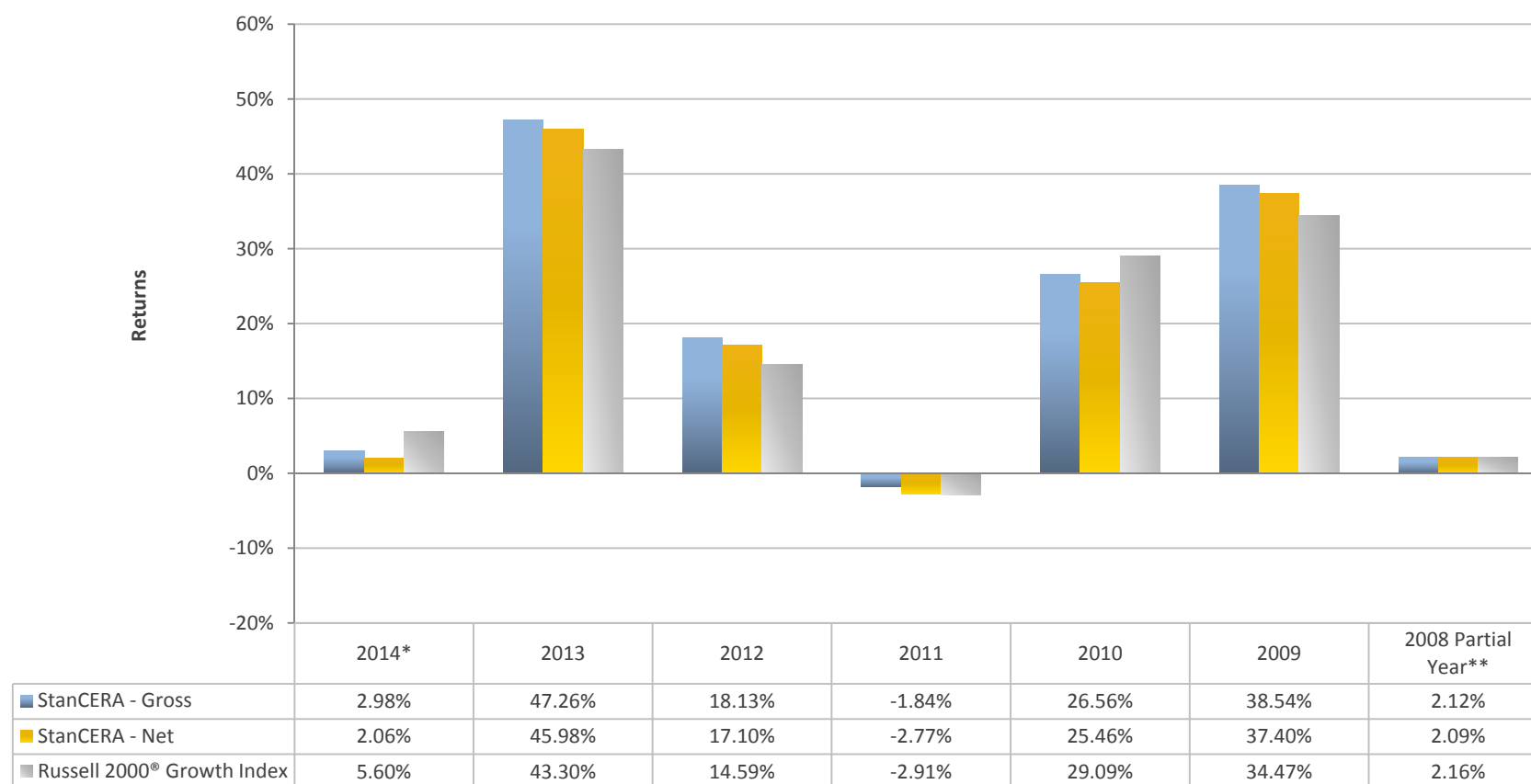
|                         | VT | RM | for 12/14 | Rk | MRQ   | Rk | 0.5 Years | Rk | 1 Year | Rk | 2 Years | Rk | 3 Years | Rk | 5 Years | Rk | 6 Years | Rk |
|-------------------------|----|----|-----------|----|-------|----|-----------|----|--------|----|---------|----|---------|----|---------|----|---------|----|
| 5th percentile          |    |    | 4.12      |    | 12.25 |    | 8.00      |    | 11.25  |    | 29.36   |    | 25.67   |    | 21.74   |    | 26.18   |    |
| 25th percentile         |    |    | 2.92      |    | 10.11 |    | 4.79      |    | 6.88   |    | 25.59   |    | 22.63   |    | 19.01   |    | 22.33   |    |
| Median                  |    |    | 2.03      |    | 8.51  |    | 2.77      |    | 4.27   |    | 23.08   |    | 20.01   |    | 17.53   |    | 20.62   |    |
| 75th percentile         |    |    | 1.11      |    | 6.37  |    | 0.43      |    | 0.38   |    | 20.19   |    | 17.80   |    | 15.80   |    | 18.83   |    |
| 95th percentile         |    |    | 0.11      |    | 3.16  |    | -4.65     |    | -7.00  |    | 16.07   |    | 14.24   |    | 12.99   |    | 15.07   |    |
| # of Observations       |    |    | 203       |    | 203   |    | 203       |    | 202    |    | 195     |    | 190     |    | 183     |    | 180     |    |
| ◆ Legato - StanCERA SCG | SA | GF | 3.01      | 22 | 9.11  | 38 | 3.83      | 38 | 2.98   | 59 | 23.15   | 49 | 21.45   | 38 | 17.35   | 52 | 20.65   | 49 |
| ■ Russell Index         | IX | IX | 2.97      | 23 | 10.06 | 26 | 3.31      | 44 | 5.60   | 34 | 23.02   | 51 | 20.14   | 48 | 16.80   | 62 | 19.57   | 64 |

Results displayed in US Dollar (USD)

\*Universe Comparison starts on 12/31/2008, the first full month of performance.

## Investment Performance

### StanCERA - Small Cap Growth Calendar Years



\*As of December 31, 2014. \*\*Portfolio inception date: December 22, 2008.

Past performance is no guarantee of future results. Gross-of-fees returns are presented gross of advisory and custodial fees, but net of trading expenses and non-reclaimable withholding taxes. Net-of-fees returns are calculated by deducting actual advisory fees incurred by the Portfolio from the gross-of-fees returns. Performance results reflect the reinvestment of dividends and other earnings.



## Total Portfolio & Manager Investment Performance

### As of December 31, 2014

|                          |                            | Market Value    | 1-Month | QTD    | FYTD* | 1-Year | 3-Year Annualized | 5-Year Annualized | Since Inception Annualized** |
|--------------------------|----------------------------|-----------------|---------|--------|-------|--------|-------------------|-------------------|------------------------------|
| <b>Portfolio:</b>        | Small Cap Growth - Gross   | \$90,358,299.29 | 3.01%   | 9.10%  | 3.83% | 2.98%  | 21.45%            | 17.35%            | 20.94%                       |
|                          | Small Cap Growth - Net     |                 | 2.79%   | 8.86%  | 3.37% | 2.06%  | 20.38%            | 16.30%            | 19.88%                       |
|                          |                            |                 |         |        |       |        |                   |                   |                              |
| <b>Benchmark:</b>        | Russell 2000® Growth Index |                 | 2.97%   | 10.06% | 3.31% | 5.60%  | 20.14%            | 16.80%            | 19.88%                       |
|                          | Excess Return - Gross:     |                 | 0.04%   | -0.96% | 0.52% | -2.62% | 1.31%             | 0.55%             | 1.06%                        |
|                          |                            |                 |         |        |       |        |                   |                   |                              |
| <b>Managers - Gross:</b> | AMI Asset Management†      | \$19,767,831.62 | 2.47%   | 4.65%  | -     | -      | -                 | -                 | -                            |
|                          | Rice Hall James†           | \$20,592,691.69 | 2.39%   | 10.15% | -     | -      | -                 | -                 | -                            |
|                          | Lee Munder Capital Group†  | \$19,971,900.91 | 2.14%   | 7.43%  | 6.29% | 8.79%  | 25.00%            | -                 | -                            |
|                          | CastleArk Management†      | \$16,256,164.14 | 3.34%   | 11.44% | 4.12% | 6.27%  | 22.91%            | -                 | -                            |
|                          | EAM Investors †            | \$13,769,710.92 | 5.71%   | 14.31% | 7.25% | 4.65%  | 23.88%            | -                 | -                            |
| <b>Benchmark:</b>        | Russell 2000® Growth Index |                 | 2.97%   | 10.06% | 3.31% | 5.60%  | 20.14%            | 16.80%            | 19.88%                       |

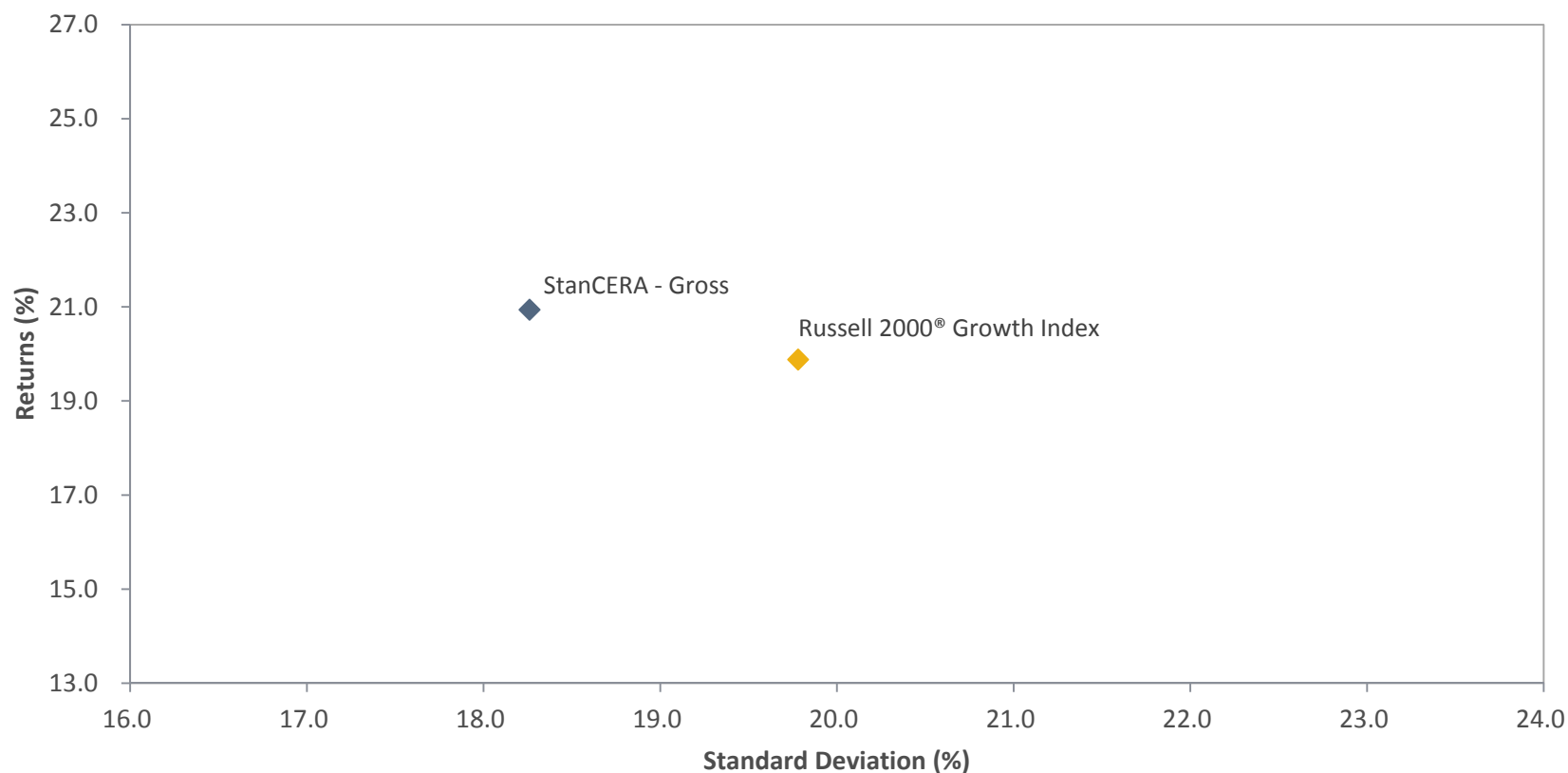
\*Fiscal year-end: June 30, 2015.

\*\*Portfolio inception date: December 22, 2008.

†Lee Munder Capital Group and CastleArk Management funded on March 5, 2010, EAM Investors funded on April 6, 2011, AMI Asset Management and Rice Hall James funded on September 30, 2014.

## Statistics Relative to Russell 2000® Growth Index Since Inception of Portfolio\*

*As of December 31, 2014*



|                            | Returns (%) | Standard Deviation (%) | Information Ratio | Sharpe Ratio | Excess Return (%) | Beta | Correlation | Tracking Error (%) | Up Market Capture (%) | Down Market Capture (%) |
|----------------------------|-------------|------------------------|-------------------|--------------|-------------------|------|-------------|--------------------|-----------------------|-------------------------|
| StanCERA - Gross           | 20.94       | 18.26                  | 0.83              | 1.14         | 1.06              | 0.91 | 0.99        | 3.35               | 90.22                 | 93.33                   |
| Russell 2000® Growth Index | 19.88       | 19.78                  | -                 | 1.00         | -                 | 1.00 | 1.00        | -                  | 100.00                | 100.00                  |

\*Portfolio inception date: December 22, 2008.

## Quarterly Attribution Analysis

*As of December 31, 2014*

### Top Contributors/Detractors to Performance:

| Sector Allocation |            | Stock Selection |                        |
|-------------------|------------|-----------------|------------------------|
| Positive          | Negative   | Positive        | Negative               |
| Energy            | Cash       | Industrials     | Health Care            |
| Materials         | Financials | Financials      | Information Technology |

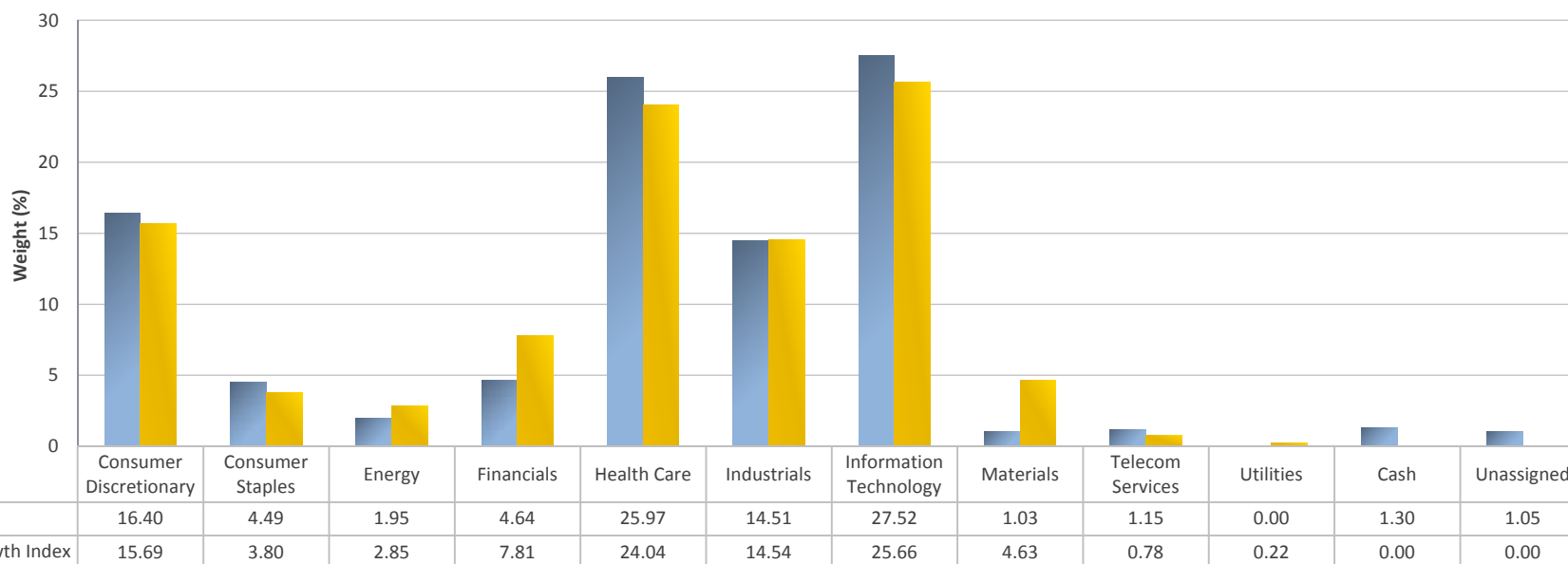
| Sector                     | PORTFOLIO      |             |              | RUSSELL 2000® GROWTH INDEX |              |              | ATTRIBUTION EFFECT |                 |              |
|----------------------------|----------------|-------------|--------------|----------------------------|--------------|--------------|--------------------|-----------------|--------------|
|                            | Average Weight | Return      | Contribution | Average Weight             | Return       | Contribution | Sector Allocation  | Stock Selection | Total        |
| <b>Total Portfolio</b>     | <b>100.00</b>  | <b>9.16</b> | <b>9.16</b>  | <b>100.00</b>              | <b>10.06</b> | <b>10.06</b> | <b>0.56</b>        | <b>-1.46</b>    | <b>-0.90</b> |
| Consumer Discretionary     | 16.30          | 12.68       | 2.02         | 15.55                      | 13.76        | 2.10         | 0.03               | -0.19           | -0.16        |
| Consumer Staples           | 4.67           | 8.11        | 0.37         | 3.79                       | 11.00        | 0.42         | 0.01               | -0.15           | -0.15        |
| Energy                     | 2.85           | -31.67      | -1.40        | 3.80                       | -35.26       | -1.92        | 0.51               | 0.11            | 0.62         |
| Financials                 | 4.46           | 14.34       | 2.00         | 7.86                       | 10.73        | 0.88         | -0.06              | 0.14            | 0.09         |
| Health Care                | 24.23          | 11.94       | 2.95         | 23.08                      | 17.49        | 3.98         | 0.07               | -1.26           | -1.20        |
| Industrials                | 15.14          | 11.42       | 1.78         | 14.62                      | 9.11         | 1.37         | 0.00               | 0.34            | 0.34         |
| Information Technology     | 27.32          | 10.62       | 2.80         | 25.55                      | 11.87        | 2.90         | 0.03               | -0.30           | -0.28        |
| Materials                  | 1.68           | -1.01       | -0.03        | 4.77                       | 5.25         | 0.25         | 0.14               | -0.10           | 0.04         |
| Telecommunication Services | 0.82           | 6.28        | 0.06         | 0.76                       | 13.23        | 0.10         | 0.01               | -0.05           | -0.04        |
| Utilities                  | 0.00           | 0.00        | 0.00         | 0.23                       | -7.77        | -0.02        | 0.05               | 0.00            | 0.05         |
| Cash                       | 1.61           | 0.00        | 0.00         | 0.00                       | 0.00         | 0.00         | -0.21              | 0.00            | -0.21        |
| Unassigned                 | 0.93           | 10.06       | 0.02         | 0.00                       | 0.00         | 0.00         | 0.00               | 0.00            | 0.00         |

Source: FactSet. FactSet analysis includes cash & equivalents. FactSet returns may differ due to various factors, such as the way FactSet treats large portfolio flows and corporate actions. Numbers may not add up due to rounding.

## Top Ten Holdings & Sector Allocation

- The majority of the top holdings contributed positively to relative performance.
- The portfolio is overweight in consumer discretionary, consumer staples, health care, information technology, and telecom services and underweight in energy, financials, industrials, materials, and utilities.

| Security                        | Sector                 | Weight in Portfolio (%) | Weight in Index (%) | Contribution to Relative Performance (%) |
|---------------------------------|------------------------|-------------------------|---------------------|--|
| Constant Contact, Inc.          | Information Technology | 1.92                    | 0.13                | 0.36                                     |
| Synchronoss Technologies, Inc.  | Information Technology | 1.88                    | 0.17                | -0.25                                    |
| LifeLock, Inc.                  | Consumer Discretionary | 1.65                    | 0.17                | 0.25                                     |
| AmSurg Corp.                    | Health Care            | 1.63                    | 0.06                | 0.00                                     |
| Cardtronics, Inc.               | Information Technology | 1.41                    | 0.19                | 0.00                                     |
| Echo Global Logistics, Inc      | Industrials            | 1.38                    | 0.08                | 0.15                                     |
| Akorn, Inc.                     | Health Care            | 1.12                    | 0.25                | -0.07                                    |
| FleetMatics Group Ltd.          | Information Technology | 1.10                    | 0.15                | 0.06                                     |
| Shutterfly, Inc.                | Consumer Discretionary | 1.07                    | 0.11                | -0.28                                    |
| iShares Russell 2000 Growth ETF | [Unassigned]           | 1.05                    | 0.00                | 0.00                                     |
| <b>Total:</b>                   |                        | <b>14.20%</b>           | <b>1.30%</b>        | <b>0.21%</b>                             |



Source: FactSet. Analysis includes cash & cash equivalents. Sector characterizations based on GICS classifications. Numbers may not add up due to rounding.

## Top Portfolio Characteristics

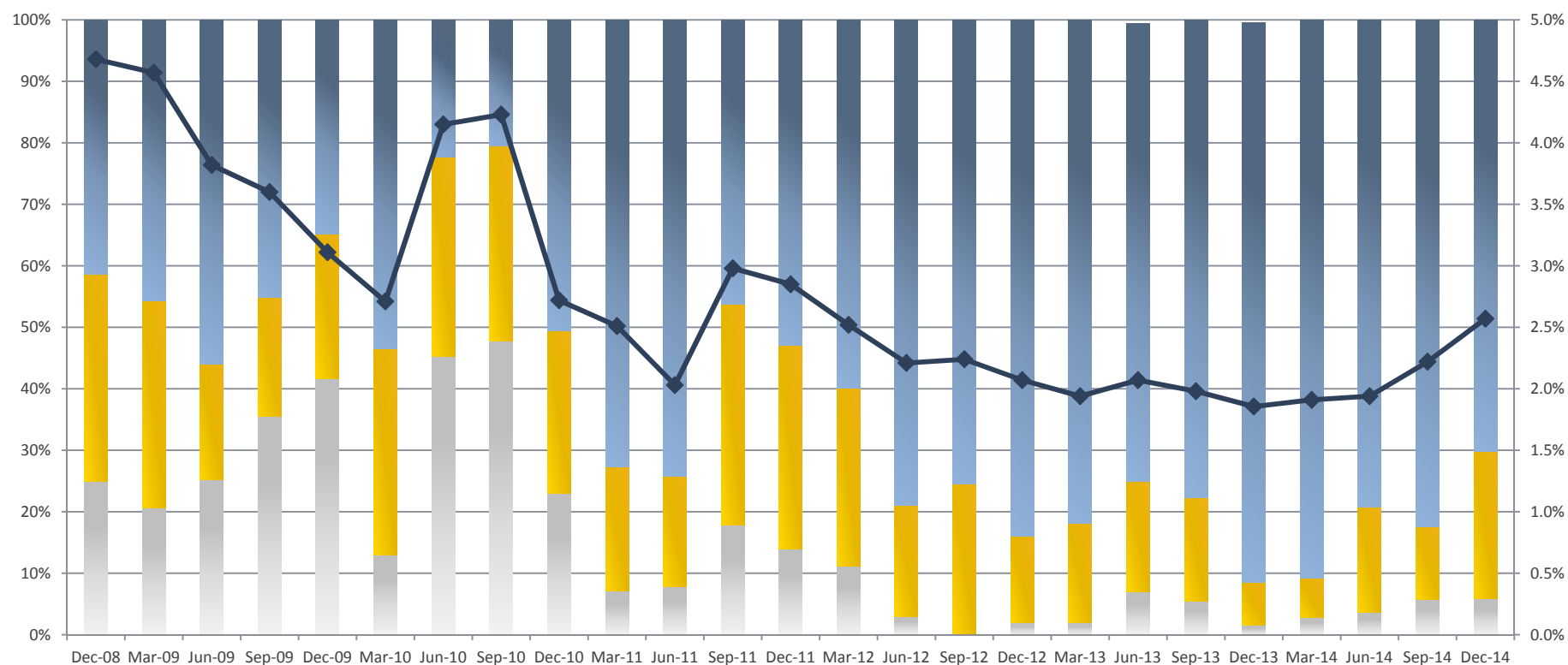
*As of December 31, 2014*

- The portfolio is broadly diversified with over 350 securities
- The weighted average is slightly lower and the median market cap is higher than the benchmark
- Valuation: Price/Book is lower, and forward Price/Earnings is higher
- Growth: Long Term EPS Growth is higher
- Quality is slightly lower as measured by Return on Equity

| Characteristic                     | Portfolio | Russell 2000® Growth Index |
|------------------------------------|-----------|----------------------------|
| Number of Securities               | 389       | 1,205                      |
| Cash (%)                           | 1.30      | -                          |
| Weighted Average Market Cap (mm)   | \$2,041   | \$2,095                    |
| Median Market Cap (mm)             | \$1,363   | \$838                      |
| Dividend Yield                     | 0.34      | 0.69                       |
| Price to Book                      | 3.50      | 4.01                       |
| Price to Earnings                  | 27.95     | 19.43                      |
| Price to Earnings using FY1 Est    | 24.76     | 21.94                      |
| EPS Growth (Historical 5 Year)     | 15.70     | 18.56                      |
| EPS Growth (Est. LTG)              | 20.27     | 17.55                      |
| PEG using FY1 Est                  | 1.38      | 1.39                       |
| Price to Sales                     | 1.79      | 1.70                       |
| Price to CF                        | 13.89     | 12.40                      |
| ROE                                | 7.51      | 7.61                       |
| Axioma- Predicted Beta             | 0.94      | 1.00                       |
| Predicted Tracking Error (Std Dev) | 2.57      | -                          |

## Historical Risk Attribution

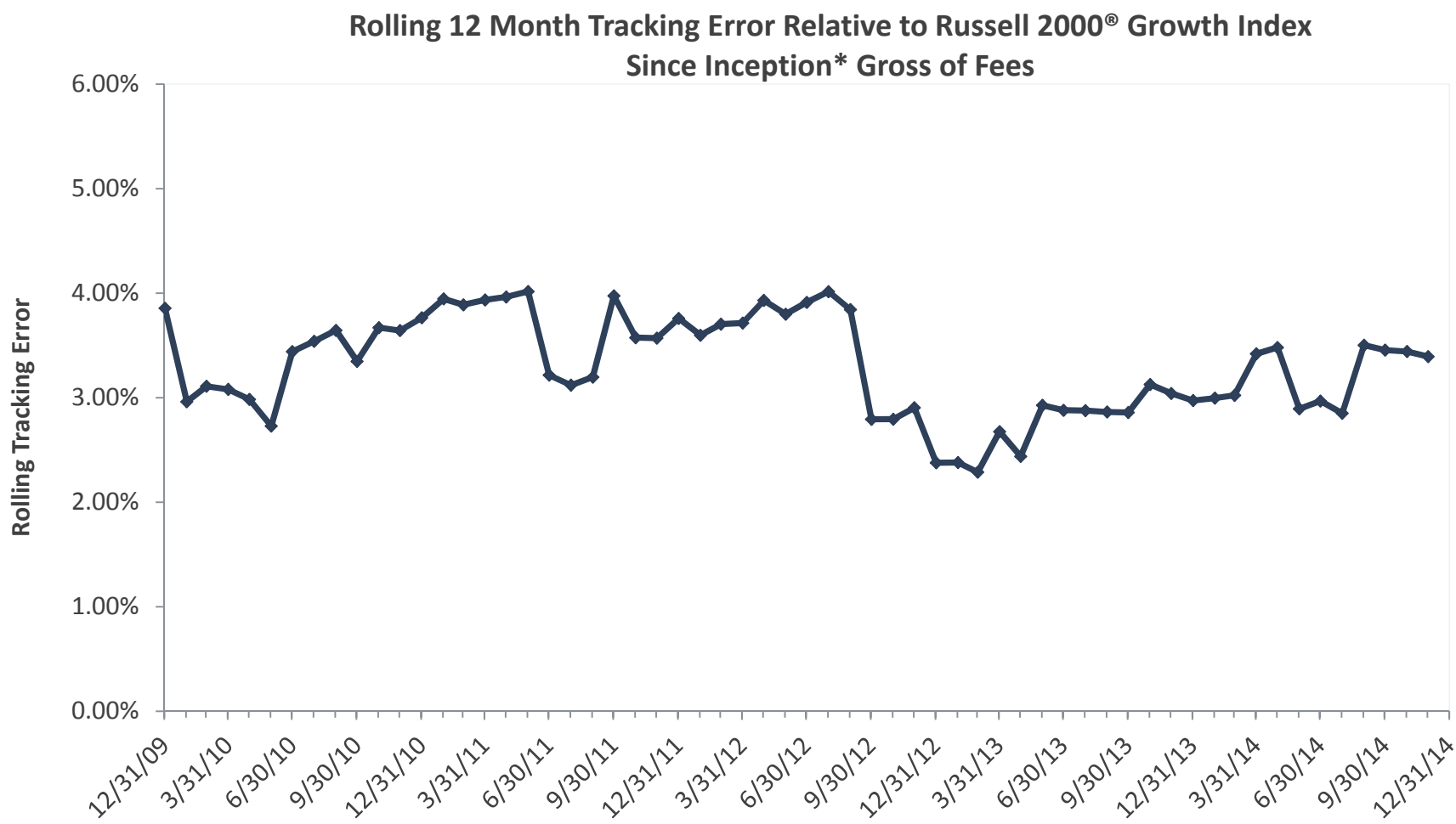
The chart below reflects the tracking error attributable to stock specific, industry and style risk factors. For the quarter ended December 31, 2014, predicted tracking error was 2.57%.



|                          | Dec-08 | Mar-09 | Jun-09 | Sep-09 | Dec-09 | Mar-10 | Jun-10 | Sep-10 | Dec-10 | Mar-11 | Jun-11 | Sep-11 | Dec-11 | Mar-12 | Jun-12 | Sep-12 | Dec-12 | Mar-13 | Jun-13 | Sep-13 | Dec-13 | Mar-14 | Jun-14 | Sep-14 | Dec-14 |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Stock Specific           | 41%    | 46%    | 56%    | 45%    | 35%    | 53%    | 22%    | 21%    | 51%    | 73%    | 74%    | 46%    | 53%    | 60%    | 79%    | 76%    | 84%    | 82%    | 75%    | 78%    | 91%    | 91%    | 79%    | 82%    | 70%    |
| Industry                 | 34%    | 34%    | 19%    | 19%    | 23%    | 34%    | 33%    | 32%    | 26%    | 20%    | 18%    | 36%    | 33%    | 29%    | 18%    | 24%    | 14%    | 16%    | 18%    | 17%    | 7%     | 6%     | 17%    | 12%    | 24%    |
| Style                    | 25%    | 21%    | 25%    | 36%    | 42%    | 13%    | 45%    | 48%    | 23%    | 7%     | 8%     | 18%    | 14%    | 11%    | 3%     | 0%     | 2%     | 2%     | 7%     | 5%     | 2%     | 3%     | 4%     | 6%     | 6%     |
| Predicted Tracking Error | 4.68%  | 4.57%  | 3.82%  | 3.60%  | 3.11%  | 2.71%  | 4.15%  | 4.23%  | 2.72%  | 2.51%  | 2.03%  | 2.98%  | 2.85%  | 2.52%  | 2.21%  | 2.24%  | 2.07%  | 1.94%  | 2.07%  | 1.98%  | 1.86%  | 1.91%  | 1.94%  | 2.22%  | 2.57%  |



## Realized Tracking Error *As of December 31, 2014*



\*Portfolio inception date: December 22, 2008.

## Risk Factor Analysis

### *As of December 31, 2014*

| Summary                      | Portfolio Exposure | Benchmark Exposure | Active Exposure | Factor Contribution to Total Active Risk (%) |
|------------------------------|--------------------|--------------------|-----------------|--|
| <b><u>Style</u></b>          | <b>-1.13</b>       | <b>-1.21</b>       | <b>0.08</b>     | <b>5.82</b>                                  |
| Volatility                   | 0.50               | 0.52               | -0.02           | 1.13   |
| Market Sensitivity           | -0.02              | 0.05               | -0.07           | 2.33   |
| Exchange Rate Sensitivity    | -0.25              | -0.35              | 0.10            | 0.38   |
| Short-Term Momentum          | 0.33               | 0.29               | 0.04            | 1.08   |
| Liquidity                    | -0.13              | -0.08              | -0.05           | 0.80   |
| Growth                       | -0.13              | -0.11              | -0.03           | -0.07  |
| Medium-Term Momentum         | -0.02              | -0.09              | 0.07            | -0.14  |
| Leverage                     | -0.31              | -0.31              | 0.00            | 0.01   |
| Value                        | -0.32              | -0.41              | 0.09            | 0.01   |
| Size                         | -0.77              | -0.73              | -0.04           | 0.28   |
| <b><u>Industry</u></b>       | <b>0.99</b>        | <b>1.00</b>        | <b>-0.01</b>    | <b>23.92</b>                                 |
| <b><u>Stock Specific</u></b> |                    |                    |                 | <b>70.26</b>                                 |
| <b>TOTAL</b>                 |                    |                    |                 | <b>100.00</b>                                |

Source: FactSet/Axioma. Numbers may not add up due to rounding.

## **Section III.**

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### **Manager Overview**

## Manager Overview

### *As of December 31, 2014*

| Manager                      | Manager Assets in Strategy<br>(millions)** | Total Manager Assets<br>(millions)** | StanCERA Market Value<br>(millions)* | Number of Holdings in Portfolio* |
|------------------------------|--|--------------------------------------|--------------------------------------|----------------------------------|
| AMI Asset Management         | \$260                                      | \$1,468                              | \$19.8                               | 33                               |
| Rice Hall James & Associates | \$434                                      | \$1,955                              | \$20.6                               | 58                               |
| Lee Munder Capital Group     | \$171                                      | \$7,247                              | \$20.0                               | 66                               |
| CastleArk Management         | \$881                                      | \$4,333                              | \$16.3                               | 102                              |
| EAM Investors                | \$681                                      | \$1,269                              | \$13.8                               | 224                              |

\*Source: FactSet/Axioma.

\*\*Source: Manager.

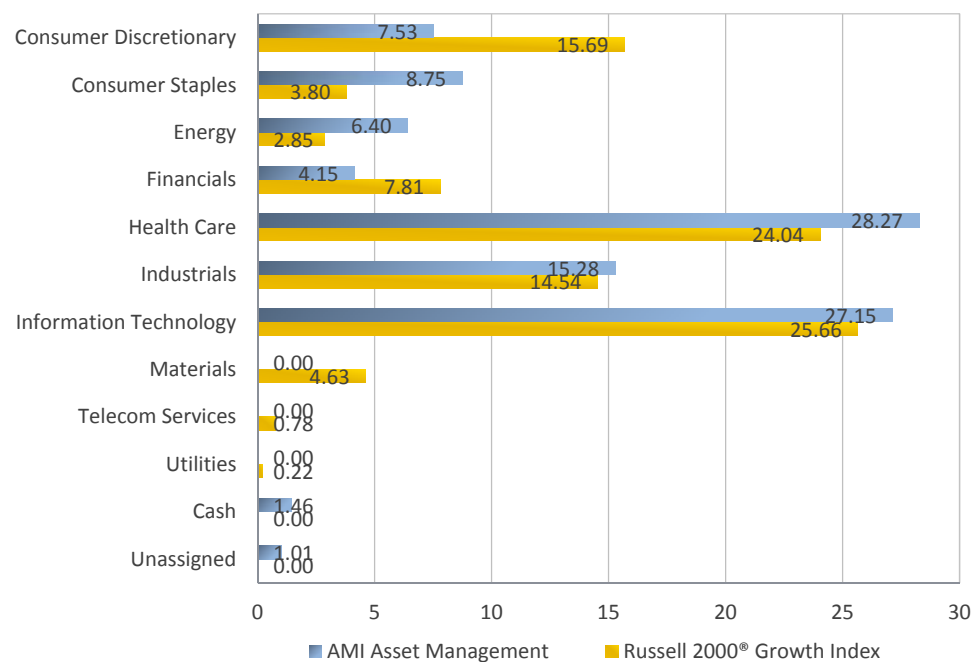
## AMI Asset Management - Small Cap Growth

|                                |            |                                     |    |                            |                            |  |              |
|--------------------------------|------------|-------------------------------------|----|----------------------------|----------------------------|--|--------------|
| <b>Year Founded</b>            | 1998       | <b>Investment Process Change*</b>   | No | <b>Product</b>             | Small Cap Growth           | <b>Overall Market Conditions***</b>          | Favorable    |
| <b>Employee Ownership</b>      | 100%       | <b>Investment Personnel Change*</b> | No | <b>Role in Portfolio**</b> | Growth - Conservative      | <b>Actual Performance Result***</b>          | Outperformed |
| <b>Total Firm Assets</b>       | \$1.5 bil. | <b>Business Changes*</b>            | No | <b>Benchmark</b>           | Russell 2000® Growth Index | <b>Result Versus Legato's Expectation***</b> | Within       |
| <b>Total Strategy Assets</b>   | \$260 mil. | <b>Compliance Violations*</b>       | No |                            |                            |  |              |
| <b>Total Firm Employees</b>    | 11         | <b>Operations Violations*</b>       | No |                            |                            |  |              |
| <b>Investment Team Members</b> | 5          |                                     |    |                            |                            |  |              |

### Small Cap Growth Style



| Characteristic†                    | AMI Asset Management | Russell 2000® Growth Index |
|------------------------------------|----------------------|----------------------------|
| Number of Securities               | 33                   | 1,205                      |
| Weighted Average Market Cap (mm)   | \$1,717              | \$2,095                    |
| Median Market Cap (mm)             | \$1,502              | \$838                      |
| Dividend Yield                     | 0.30                 | 0.69                       |
| Price to Book                      | 3.30                 | 4.01                       |
| Price to Earnings                  | 33.32                | 19.43                      |
| Price to Earnings using FY1 Est    | 25.23                | 21.94                      |
| EPS Growth (Historical 5 Year)     | 14.27                | 18.56                      |
| EPS Growth (Est. LTG)              | 19.65                | 17.55                      |
| PEG using FY1 Est                  | 1.35                 | 1.39                       |
| Price to Sales                     | 2.04                 | 1.70                       |
| Price to CF                        | 14.06                | 12.40                      |
| ROE                                | 12.18                | 7.61                       |
| Axioma- Predicted Beta             | 0.94                 | 1.00                       |
| Predicted Tracking Error (Std Dev) | 5.68                 | -                          |



\*Significant changes or violations based on Legato's evaluation of information provided by the manager.

\*\*Based on Legato Style Classifications, refer to Appendix C.

\*\*\*Based on Legato's due diligence and evaluation over the prior 12 months.

†Source: FactSet/Axioma/Advent.

## AMI Asset Management - Small Cap Growth - Attribution Analysis

### Top Contributors/Detractors to Performance:

| Sector                     | Sector Allocation |                        |                | Stock Selection            |                        |                   |                    |       |       |
|----------------------------|-------------------|------------------------|----------------|----------------------------|------------------------|-------------------|--------------------|-------|-------|
|                            | Positive          | Negative               |                | Positive                   | Negative               |                   |                    |       |       |
|                            | Health Care       | Energy                 |                | Energy                     | Health Care            |                   |                    |       |       |
|                            | Materials         | Consumer Discretionary |                | Consumer Discretionary     | Information Technology |                   |                    |       |       |
| PORTFOLIO                  |                   |                        |                | RUSSELL 2000® GROWTH INDEX |                        |                   | ATTRIBUTION EFFECT |       |       |
| Average Weight             | Return            | Contribution           | Average Weight | Return                     | Contribution           | Sector Allocation | Stock Selection    | Total |       |
| Total Portfolio            | 100.00            | 4.83                   | 4.83           | 100.00                     | 10.06                  | 10.06             | -1.82              | -3.41 | -5.23 |
| Consumer Discretionary     | 7.42              | 22.67                  | 1.51           | 15.55                      | 13.76                  | 2.10              | -0.27              | 0.53  | 0.27  |
| Consumer Staples           | 8.34              | 1.46                   | 0.22           | 3.79                       | 11.00                  | 0.42              | -0.06              | -0.72 | -0.78 |
| Energy                     | 7.01              | -23.44                 | -2.15          | 3.80                       | -35.26                 | -1.92             | -1.71              | 1.09  | -0.62 |
| Financials                 | 4.34              | 10.91                  | 0.50           | 7.86                       | 10.73                  | 0.88              | -0.04              | 0.01  | -0.03 |
| Health Care                | 27.99             | 8.10                   | 2.37           | 23.08                      | 17.49                  | 3.98              | 0.34               | -2.46 | -2.12 |
| Industrials                | 15.14             | 10.48                  | 1.59           | 14.62                      | 9.11                   | 1.37              | -0.01              | 0.18  | 0.17  |
| Information Technology     | 27.59             | 3.92                   | 1.01           | 25.55                      | 11.87                  | 2.90              | 0.02               | -2.05 | -2.03 |
| Materials                  | 0.00              | 0.00                   | 0.00           | 4.77                       | 5.25                   | 0.25              | 0.20               | 0.00  | 0.20  |
| Telecommunication Services | 0.00              | 0.00                   | 0.00           | 0.76                       | 13.23                  | 0.10              | -0.04              | 0.00  | -0.04 |
| Utilities                  | 0.00              | 0.00                   | 0.00           | 0.23                       | -7.77                  | -0.02             | 0.02               | 0.00  | 0.02  |
| Cash                       | 1.92              | 0.00                   | 0.00           | 0.00                       | 0.00                   | 0.00              | -0.26              | 0.00  | -0.26 |
| Unassigned                 | 0.24              | -0.67                  | -0.22          | 0.00                       | 0.00                   | 0.00              | -0.02              | 0.00  | -0.02 |

Source: FactSet. FactSet analysis includes cash & equivalents. FactSet returns may differ due to various factors, such as the way FactSet treats large portfolio flows and corporate actions. Numbers may not add up due to rounding.



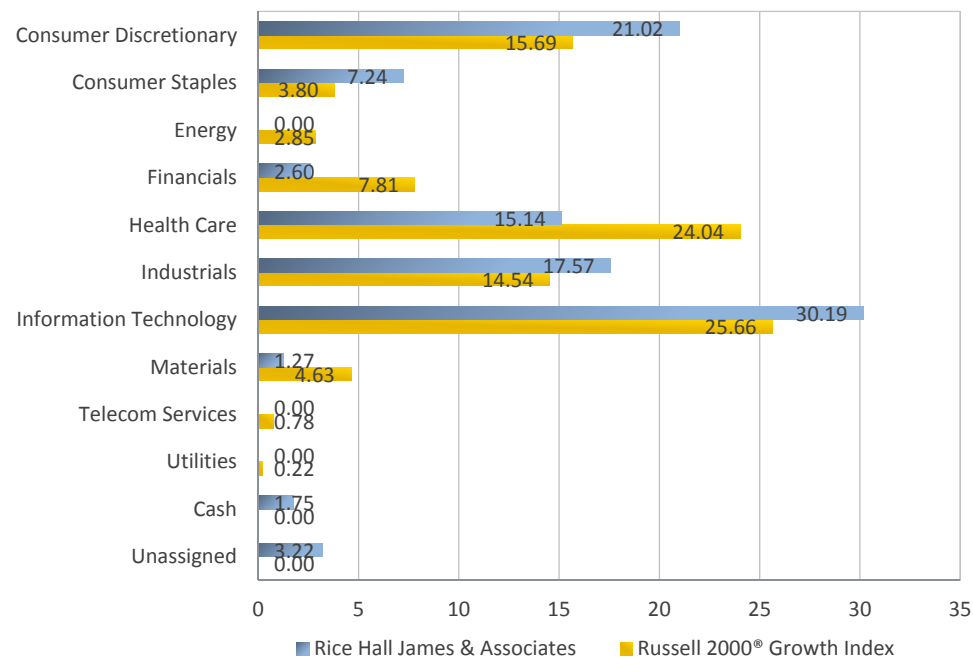
## Rice Hall James & Associates - Small Cap Growth

|                                |            |                                     |    |                            |                                  |  |              |
|--------------------------------|------------|-------------------------------------|----|----------------------------|----------------------------------|--|--------------|
| <b>Year Founded</b>            | 1974       | <b>Investment Process Change*</b>   | No | <b>Product</b>             | Small Cap Growth (Opportunities) | <b>Overall Market Conditions***</b>          | Favorable    |
| <b>Employee Ownership</b>      | 100%       | <b>Investment Personnel Change*</b> | No | <b>Role in Portfolio**</b> | Growth - Conservative            | <b>Actual Performance Result***</b>          | Outperformed |
| <b>Total Firm Assets</b>       | \$2.0 bil. | <b>Business Changes*</b>            | No | <b>Benchmark</b>           | Russell 2000® Growth Index       | <b>Result Versus Legato's Expectation***</b> | Within       |
| <b>Total Strategy Assets</b>   | \$434 mil. | <b>Compliance Violations*</b>       | No |                            |                                  |  |              |
| <b>Total Firm Employees</b>    | 25         | <b>Operations Violations*</b>       | No |                            |                                  |  |              |
| <b>Investment Team Members</b> | 3          |                                     |    |                            |                                  |  |              |

### Small Cap Growth Style



| Characteristic†                    | Rice Hall James & Associates | Russell 2000® Growth Index |
|------------------------------------|------------------------------|----------------------------|
| Number of Securities               | 58                           | 1,205                      |
| Weighted Average Market Cap (mm)   | \$2,138                      | \$2,095                    |
| Median Market Cap (mm)             | \$1,525                      | \$838                      |
| Dividend Yield                     | 0.39                         | 0.69                       |
| Price to Book                      | 3.60                         | 4.01                       |
| Price to Earnings                  | 23.50                        | 19.43                      |
| Price to Earnings using FY1 Est    | 23.55                        | 21.94                      |
| EPS Growth (Historical 5 Year)     | 18.95                        | 18.56                      |
| EPS Growth (Est. LTG)              | 16.93                        | 17.55                      |
| PEG using FY1 Est                  | 1.49                         | 1.39                       |
| Price to Sales                     | 2.24                         | 1.70                       |
| Price to CF                        | 16.81                        | 12.40                      |
| ROE                                | 9.96                         | 7.61                       |
| Axioma- Predicted Beta             | 0.89                         | 1.00                       |
| Predicted Tracking Error (Std Dev) | 5.26                         | -                          |



\*Significant changes or violations based on Legato's evaluation of information provided by the manager.

\*\*Based on Legato Style Classifications, refer to Appendix C.

\*\*\*Based on Legato's due diligence and evaluation over the prior 12 months.

†Source: FactSet/Axioma/Advent.

## Rice Hall James & Associates - Small Cap Growth - Attribution Analysis

### Top Contributors/Detractors to Performance:

| Sector                     | <u>Sector Allocation</u> |              |              | <u>Stock Selection</u>     |              |                        |                    |                 |             |
|----------------------------|--------------------------|--------------|--------------|----------------------------|--------------|------------------------|--------------------|-----------------|-------------|
|                            | Positive                 |              | Negative     | Positive                   |              | Negative               |                    |                 |             |
|                            | Energy                   |              | Health Care  | Information Technology     |              | Health Care            |                    |                 |             |
|                            | Consumer Discretionary   |              | Cash         | Industrials                |              | Consumer Discretionary |                    |                 |             |
| PORTFOLIO                  |                          |              |              | RUSSELL 2000® GROWTH INDEX |              |                        | ATTRIBUTION EFFECT |                 |             |
|                            | Average Weight           | Return       | Contribution | Average Weight             | Return       | Contribution           | Sector Allocation  | Stock Selection | Total       |
| <b>Total Portfolio</b>     | <b>100.00</b>            | <b>10.24</b> | <b>10.24</b> | <b>100.00</b>              | <b>10.06</b> | <b>10.06</b>           | <b>1.93</b>        | <b>-1.75</b>    | <b>0.18</b> |
| Consumer Discretionary     | 21.64                    | 8.99         | 1.89         | 15.55                      | 13.76        | 2.10                   | 0.23               | -1.02           | -0.79       |
| Consumer Staples           | 6.99                     | 14.23        | 0.94         | 3.79                       | 11.00        | 0.42                   | 0.04               | 0.19            | 0.23        |
| Energy                     | 0.25                     | -27.80       | -0.11        | 3.80                       | -35.26       | -1.92                  | 2.07               | 0.05            | 2.12        |
| Financials                 | 2.61                     | 13.13        | 0.34         | 7.86                       | 10.73        | 0.88                   | -0.03              | 0.06            | 0.03        |
| Health Care                | 15.85                    | 5.56         | 0.98         | 23.08                      | 17.49        | 3.98                   | -0.46              | -1.80           | -2.26       |
| Industrials                | 18.55                    | 10.44        | 2.01         | 14.62                      | 9.11         | 1.37                   | -0.02              | 0.25            | 0.22        |
| Information Technology     | 28.34                    | 16.17        | 4.43         | 25.55                      | 11.87        | 2.90                   | 0.06               | 1.13            | 1.19        |
| Materials                  | 1.46                     | -26.71       | -0.53        | 4.77                       | 5.25         | 0.25                   | 0.16               | -0.60           | -0.44       |
| Telecommunication Services | 0.00                     | 0.00         | 0.00         | 0.76                       | 13.23        | 0.10                   | -0.02              | 0.00            | -0.02       |
| Utilities                  | 0.00                     | 0.00         | 0.00         | 0.23                       | -7.77        | -0.02                  | 0.05               | 0.00            | 0.05        |
| Cash                       | 1.96                     | 0.00         | 0.00         | 0.00                       | 0.00         | 0.00                   | -0.15              | 0.00            | -0.15       |
| Unassigned                 | 2.36                     | 13.19        | 0.29         | 0.00                       | 0.00         | 0.00                   | 0.00               | 0.00            | 0.00        |

Source: FactSet. FactSet analysis includes cash & equivalents. FactSet returns may differ due to various factors, such as the way FactSet treats large portfolio flows and corporate actions. Numbers may not add up due to rounding.

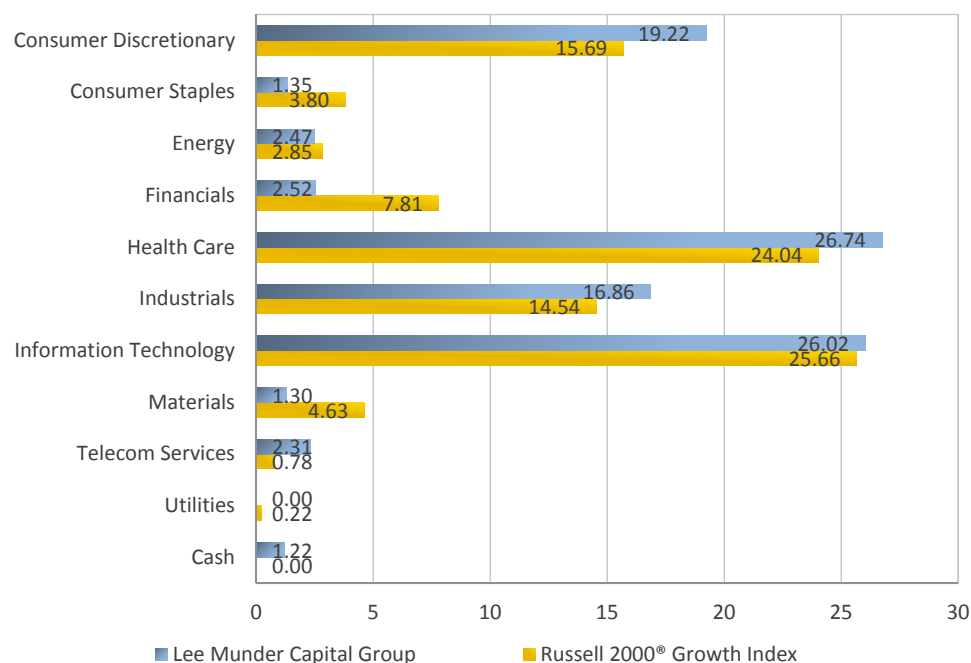
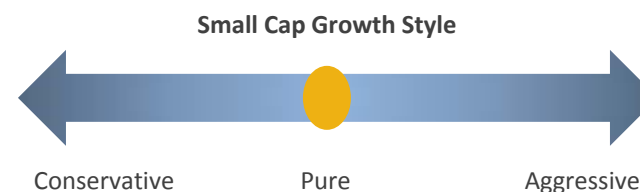
## Lee Munder Capital Group - Small Cap Growth

|                                |            |                                     |    |                            |                            |  |              |
|--------------------------------|------------|-------------------------------------|----|----------------------------|----------------------------|--|--------------|
| <b>Year Founded</b>            | 2000       | <b>Investment Process Change*</b>   | No | <b>Product</b>             | Small Cap Growth           | <b>Overall Market Conditions***</b>          | Favorable    |
| <b>Employee Ownership</b>      | 43%        | <b>Investment Personnel Change*</b> | No | <b>Role in Portfolio**</b> | Growth - Pure              | <b>Actual Performance Result***</b>          | Outperformed |
| <b>Total Firm Assets</b>       | \$7.2 bil. | <b>Business Changes*</b>            | No | <b>Benchmark</b>           | Russell 2000® Growth Index | <b>Result Versus Legato's Expectation***</b> | Within       |
| <b>Total Strategy Assets</b>   | \$171 mil. | <b>Compliance Violations*</b>       | No |                            |                            |  |              |
| <b>Total Firm Employees</b>    | 60         | <b>Operations Violations*</b>       | No |                            |                            |  |              |
| <b>Investment Team Members</b> | 3          |                                     |    |                            |                            |  |              |

| Characteristic†                    | Lee Munder Capital Group | Russell 2000® Growth Index |
|------------------------------------|--------------------------|----------------------------|
| Number of Securities               | 66                       | 1,205                      |
| Weighted Average Market Cap (mm)   | \$2,499                  | \$2,095                    |
| Median Market Cap (mm)             | \$2,489                  | \$838                      |
| Dividend Yield                     | 0.34                     | 0.69                       |
| Price to Book                      | 3.08                     | 4.01                       |
| Price to Earnings                  | 27.24                    | 19.43                      |
| Price to Earnings using FY1 Est    | 22.72                    | 21.94                      |
| EPS Growth (Historical 5 Year)     | 19.00                    | 18.56                      |
| EPS Growth (Est. LTG)              | 18.78                    | 17.55                      |
| PEG using FY1 Est                  | 1.21                     | 1.39                       |
| Price to Sales                     | 1.15                     | 1.70                       |
| Price to CF                        | 10.46                    | 12.40                      |
| ROE                                | 10.09                    | 7.61                       |
| Axioma- Predicted Beta             | 0.92                     | 1.00                       |
| Predicted Tracking Error (Std Dev) | 4.59                     | -                          |

\*Significant changes or violations based on Legato's evaluation of information provided by the manager.

\*\*Based on Legato Style Classifications, refer to Appendix C.



\*\*\*Based on Legato's due diligence and evaluation over the prior 12 months.

†Source: FactSet/Axioma/Advent.

## Lee Munder Capital Group - Small Cap Growth - Attribution Analysis

### Top Contributors/Detractors to Performance:

| Sector                     | Sector Allocation      |              |                | Stock Selection            |              |                   |                    |       |       |
|----------------------------|------------------------|--------------|----------------|----------------------------|--------------|-------------------|--------------------|-------|-------|
|                            | Positive               | Negative     |                | Positive                   | Negative     |                   |                    |       |       |
|                            | Consumer Discretionary | Cash         |                | Materials                  | Health Care  |                   |                    |       |       |
|                            | Materials              | Financials   |                | Financials                 | Energy       |                   |                    |       |       |
| PORTFOLIO                  |                        |              |                | RUSSELL 2000® GROWTH INDEX |              |                   | ATTRIBUTION EFFECT |       |       |
| Average Weight             | Return                 | Contribution | Average Weight | Return                     | Contribution | Sector Allocation | Stock Selection    | Total |       |
| Total Portfolio            | 100.00                 | 7.53         | 7.53           | 100.00                     | 10.06        | 10.06             | -0.01              | -2.51 | -2.53 |
| Consumer Discretionary     | 19.08                  | 14.59        | 2.62           | 15.55                      | 13.76        | 2.10              | 0.14               | 0.06  | 0.20  |
| Consumer Staples           | 1.22                   | 30.56        | 0.34           | 3.79                       | 11.00        | 0.42              | -0.02              | 0.20  | 0.18  |
| Energy                     | 3.84                   | -45.30       | -2.43          | 3.80                       | -35.26       | -1.92             | -0.03              | -0.56 | -0.59 |
| Financials                 | 2.24                   | 32.29        | 0.66           | 7.86                       | 10.73        | 0.88              | -0.06              | 0.44  | 0.37  |
| Health Care                | 22.57                  | 4.18         | 0.97           | 23.08                      | 17.49        | 3.98              | -0.03              | -2.77 | -2.80 |
| Industrials                | 16.09                  | 10.68        | 1.75           | 14.62                      | 9.11         | 1.37              | -0.02              | 0.25  | 0.23  |
| Information Technology     | 28.86                  | 9.88         | 2.92           | 25.55                      | 11.87        | 2.90              | 0.09               | -0.47 | -0.38 |
| Materials                  | 1.84                   | 23.26        | 0.55           | 4.77                       | 5.25         | 0.25              | 0.13               | 0.44  | 0.57  |
| Telecommunication Services | 2.01                   | 6.23         | 0.19           | 0.76                       | 13.23        | 0.10              | 0.05               | -0.10 | -0.05 |
| Utilities                  | 0.00                   | 0.00         | 0.00           | 0.23                       | -7.77        | -0.02             | 0.04               | 0.00  | 0.04  |
| Cash                       | 1.52                   | 0.00         | 0.00           | 0.00                       | 0.00         | 0.00              | -0.29              | 0.00  | -0.29 |
| Unassigned                 | 0.74                   | -0.43        | -0.04          | 0.00                       | 0.00         | 0.00              | 0.00               | 0.00  | 0.00  |

Source: FactSet. FactSet analysis includes cash & equivalents. FactSet returns may differ due to various factors, such as the way FactSet treats large portfolio flows and corporate actions. Numbers may not add up due to rounding.

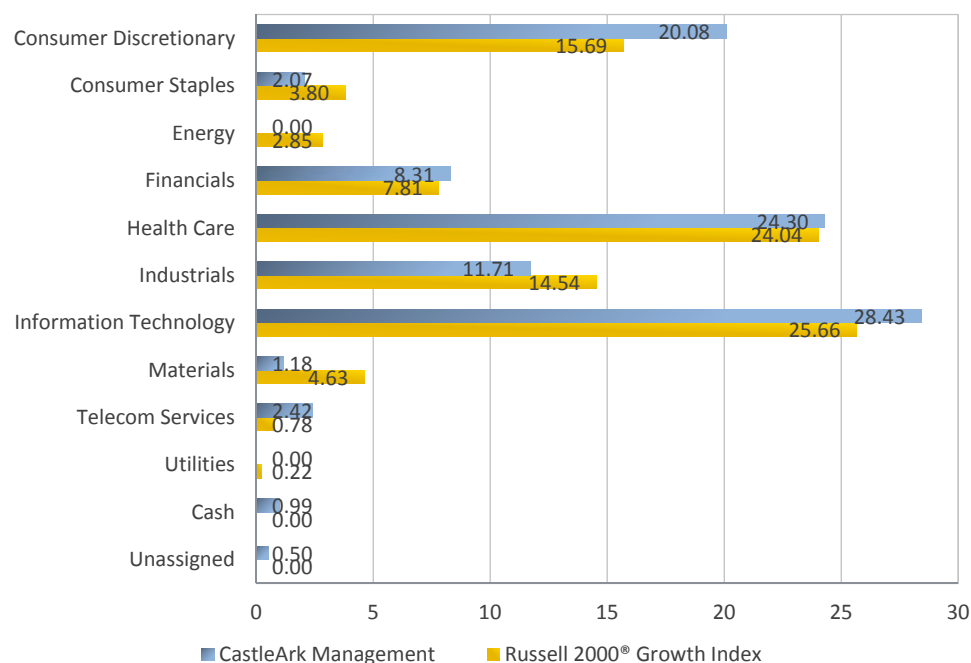
## CastleArk Management - Small Cap Growth

|                                |            |                                     |    |                            |                            |  |              |
|--------------------------------|------------|-------------------------------------|----|----------------------------|----------------------------|--|--------------|
| <b>Year Founded</b>            | 1999       | <b>Investment Process Change*</b>   | No | <b>Product</b>             | Small Cap Growth           | <b>Overall Market Conditions***</b>          | Favorable    |
| <b>Employee Ownership</b>      | 100%       | <b>Investment Personnel Change*</b> | No | <b>Role in Portfolio**</b> | Growth - Aggressive        | <b>Actual Performance Result***</b>          | Outperformed |
| <b>Total Firm Assets</b>       | \$4.3 bil. | <b>Business Changes*</b>            | No | <b>Benchmark</b>           | Russell 2000® Growth Index | <b>Result Versus Legato's Expectation***</b> | Within       |
| <b>Total Strategy Assets</b>   | \$881 mil. | <b>Compliance Violations*</b>       | No |                            |                            |  |              |
| <b>Total Firm Employees</b>    | 28         | <b>Operations Violations*</b>       | No |                            |                            |  |              |
| <b>Investment Team Members</b> | 6          |                                     |    |                            |                            |  |              |

### Small Cap Growth Style



| Characteristic†                    | CastleArk Management | Russell 2000® Growth Index |
|------------------------------------|----------------------|----------------------------|
| Number of Securities               | 102                  | 1,205                      |
| Weighted Average Market Cap (mm)   | \$2,353              | \$2,095                    |
| Median Market Cap (mm)             | \$1,724              | \$838                      |
| Dividend Yield                     | 0.41                 | 0.69                       |
| Price to Book                      | 4.03                 | 4.01                       |
| Price to Earnings                  | 29.17                | 19.43                      |
| Price to Earnings using FY1 Est    | 29.05                | 21.94                      |
| EPS Growth (Historical 5 Year)     | 7.52                 | 18.56                      |
| EPS Growth (Est. LTG)              | 24.22                | 17.55                      |
| PEG using FY1 Est                  | 1.49                 | 1.39                       |
| Price to Sales                     | 2.23                 | 1.70                       |
| Price to CF                        | 15.95                | 12.40                      |
| ROE                                | 3.71                 | 7.61                       |
| Axioma- Predicted Beta             | 0.94                 | 1.00                       |
| Predicted Tracking Error (Std Dev) | 3.81                 | -                          |



\*Significant changes or violations based on Legato's evaluation of information provided by the manager.

\*\*Based on Legato Style Classifications, refer to Appendix C.

\*\*\*Based on Legato's due diligence and evaluation over the prior 12 months.

†Source: FactSet/Axioma/Advent.

## CastleArk Management - Small Cap Growth - Attribution Analysis

### Top Contributors/Detractors to Performance:

| Sector                     | Sector Allocation |              |                | Stock Selection            |              |                   |                        |       |       |
|----------------------------|-------------------|--------------|----------------|----------------------------|--------------|-------------------|------------------------|-------|-------|
|                            | Positive          | Negative     |                | Positive                   |              |                   | Negative               |       |       |
|                            | Energy            | Cash         |                | Industrials                |              |                   | Health Care            |       |       |
|                            | Materials         | Financials   |                | Financials                 |              |                   | Consumer Discretionary |       |       |
| PORTFOLIO                  |                   |              |                | RUSSELL 2000® GROWTH INDEX |              |                   | ATTRIBUTION EFFECT     |       |       |
| Average Weight             | Return            | Contribution | Average Weight | Return                     | Contribution | Sector Allocation | Stock Selection        | Total |       |
| Total Portfolio            | 100.00            | 11.49        | 11.49          | 100.00                     | 10.06        | 10.06             | 1.54                   | -0.11 | 1.43  |
| Consumer Discretionary     | 18.61             | 11.95        | 2.25           | 15.55                      | 13.76        | 2.10              | 0.06                   | -0.33 | -0.27 |
| Consumer Staples           | 3.02              | 5.99         | 0.11           | 3.79                       | 11.00        | 0.42              | 0.02                   | -0.24 | -0.21 |
| Energy                     | 0.94              | -40.08       | -0.86          | 3.80                       | -35.26       | -1.92             | 1.63                   | -0.22 | 1.41  |
| Financials                 | 7.58              | 12.70        | 0.99           | 7.86                       | 10.73        | 0.88              | -0.11                  | 0.22  | 0.11  |
| Health Care                | 22.24             | 15.20        | 3.38           | 23.08                      | 17.49        | 3.98              | -0.11                  | -0.55 | -0.66 |
| Industrials                | 12.58             | 21.55        | 2.54           | 14.62                      | 9.11         | 1.37              | 0.02                   | 1.38  | 1.40  |
| Information Technology     | 28.25             | 11.67        | 3.02           | 25.55                      | 11.87        | 2.90              | 0.02                   | -0.08 | -0.06 |
| Materials                  | 3.34              | 1.43         | -0.13          | 4.77                       | 5.25         | 0.25              | 0.06                   | -0.22 | -0.16 |
| Telecommunication Services | 1.01              | 3.06         | 0.07           | 0.76                       | 13.23        | 0.10              | 0.04                   | -0.06 | -0.02 |
| Utilities                  | 0.00              | 0.00         | 0.00           | 0.23                       | -7.77        | -0.02             | 0.06                   | 0.00  | 0.06  |
| Cash                       | 1.47              | 0.00         | 0.00           | 0.00                       | 0.00         | 0.00              | -0.17                  | 0.00  | -0.17 |
| Unassigned                 | 0.98              | 10.06        | 0.10           | 0.00                       | 0.00         | 0.00              | 0.02                   | 0.00  | 0.02  |

\*Unassigned consists of Exchange Traded Funds

Source: FactSet. FactSet analysis includes cash & equivalents. FactSet returns may differ due to various factors, such as the way FactSet treats large portfolio flows and corporate actions. Numbers may not add up due to rounding.



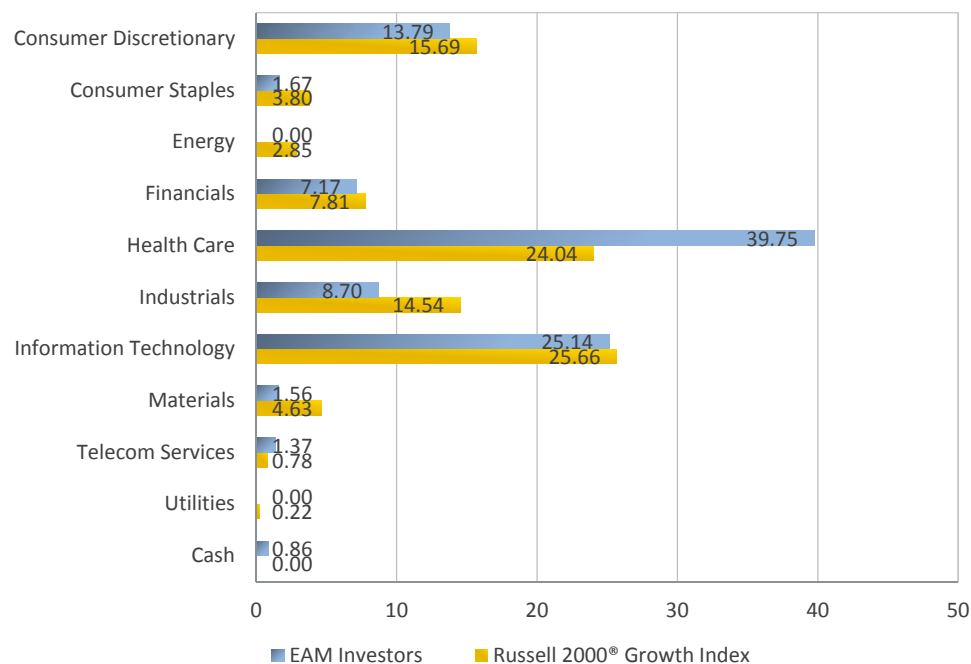
## EAM Investors - Small/Micro Cap Growth

|                                |            |                                     |    |                            |                            |  |                |
|--------------------------------|------------|-------------------------------------|----|----------------------------|----------------------------|--|----------------|
| <b>Year Founded</b>            | 2007       | <b>Investment Process Change*</b>   | No | <b>Product</b>             | Small/Micro Cap Growth     | <b>Overall Market Conditions***</b>          | Unfavorable    |
| <b>Employee Ownership</b>      | 56%        | <b>Investment Personnel Change*</b> | No | <b>Role in Portfolio**</b> | Growth - Aggressive        | <b>Actual Performance Result***</b>          | Underperformed |
| <b>Total Firm Assets</b>       | \$1.3 bil. | <b>Business Changes*</b>            | No | <b>Benchmark</b>           | Russell 2000® Growth Index | <b>Result Versus Legato's Expectation***</b> | Within         |
| <b>Total Strategy Assets</b>   | \$681 mil. | <b>Compliance Violations*</b>       | No |                            |                            |  |                |
| <b>Total Firm Employees</b>    | 14         | <b>Operations Violations*</b>       | No |                            |                            |  |                |
| <b>Investment Team Members</b> | 10         |                                     |    |                            |                            |  |                |

### Small/Micro Cap Growth Style



| Characteristic†                    | EAM Investors | Russell 2000® Growth Index |
|------------------------------------|---------------|----------------------------|
| Number of Securities               | 224           | 1,205                      |
| Weighted Average Market Cap (mm)   | \$1,333       | \$2,095                    |
| Median Market Cap (mm)             | \$1,119       | \$838                      |
| Dividend Yield                     | 0.22          | 0.69                       |
| Price to Book                      | 3.81          | 4.01                       |
| Price to Earnings                  | 27.58         | 19.43                      |
| Price to Earnings using FY1 Est    | 24.96         | 21.94                      |
| EPS Growth (Historical 5 Year)     | 10.58         | 18.56                      |
| EPS Growth (Est. LTG)              | 24.71         | 17.55                      |
| PEG using FY1 Est                  | 1.45          | 1.39                       |
| Price to Sales                     | 2.05          | 1.70                       |
| Price to CF                        | 15.76         | 12.40                      |
| ROE                                | -4.26         | 7.61                       |
| Axioma- Predicted Beta             | 1.09          | 1.00                       |
| Predicted Tracking Error (Std Dev) | 4.76          | -                          |



\*Significant changes or violations based on Legato's evaluation of information provided by the manager.  
\*\*\*Based on Legato's due diligence and evaluation over the prior 12 months.

\*\*Based on Legato Style Classifications, refer to Appendix C.

†Source: FactSet/Axioma/Advent.

## EAM Investors – Small/Micro Cap Growth - Attribution Analysis

### Top Contributors/Detractors to Performance:

| Sector                     | Sector Allocation |                        |              | Stock Selection            |        |              |                        |                 |       |
|----------------------------|-------------------|------------------------|--------------|----------------------------|--------|--------------|------------------------|-----------------|-------|
|                            | Positive          | Negative               |              | Positive                   |        |              | Negative               |                 |       |
|                            | Energy            | Information Technology |              | Health Care                |        |              | Industrials            |                 |       |
|                            | Health Care       | Cash                   |              | Consumer Staples           |        |              | Consumer Discretionary |                 |       |
|                            | PORTFOLIO         |                        |              | RUSSELL 2000® GROWTH INDEX |        |              | ATTRIBUTION EFFECT     |                 |       |
|                            | Average Weight    | Return                 | Contribution | Average Weight             | Return | Contribution | Sector Allocation      | Stock Selection | Total |
| Total Portfolio            | 100.00            | 14.35                  | 14.35        | 100.00                     | 10.06  | 10.06        | 1.85                   | 2.44            | 4.29  |
| Consumer Discretionary     | 14.64             | 11.64                  | 1.83         | 15.55                      | 13.76  | 2.10         | -0.04                  | -0.28           | -0.32 |
| Consumer Staples           | 2.40              | 22.20                  | 0.55         | 3.79                       | 11.00  | 0.42         | -0.02                  | 0.27            | 0.25  |
| Energy                     | 1.28              | -29.13                 | -1.41        | 3.80                       | -35.26 | -1.92        | 1.04                   | 0.07            | 1.11  |
| Financials                 | 7.13              | 9.26                   | 0.62         | 7.86                       | 10.73  | 0.88         | -0.04                  | -0.07           | -0.11 |
| Health Care                | 36.47             | 26.11                  | 9.50         | 23.08                      | 17.49  | 3.98         | 0.86                   | 2.92            | 3.77  |
| Industrials                | 11.63             | 5.77                   | 0.82         | 14.62                      | 9.11   | 1.37         | 0.09                   | -0.40           | -0.31 |
| Information Technology     | 21.93             | 13.26                  | 2.53         | 25.55                      | 11.87  | 2.90         | -0.12                  | 0.21            | 0.09  |
| Materials                  | 2.42              | -2.67                  | -0.10        | 4.77                       | 5.25   | 0.25         | 0.12                   | -0.20           | -0.08 |
| Telecommunication Services | 1.26              | 5.06                   | 0.01         | 0.76                       | 13.23  | 0.10         | 0.01                   | -0.08           | -0.07 |
| Utilities                  | 0.00              | 0.00                   | 0.00         | 0.23                       | -7.77  | -0.02        | 0.07                   | 0.00            | 0.07  |
| Cash                       | 0.85              | 0.00                   | 0.00         | 0.00                       | 0.00   | 0.00         | -0.10                  | 0.00            | -0.10 |

Source: FactSet. FactSet analysis includes cash & equivalents. FactSet returns may differ due to various factors, such as the way FactSet treats large portfolio flows and corporate actions. Numbers may not add up due to rounding.

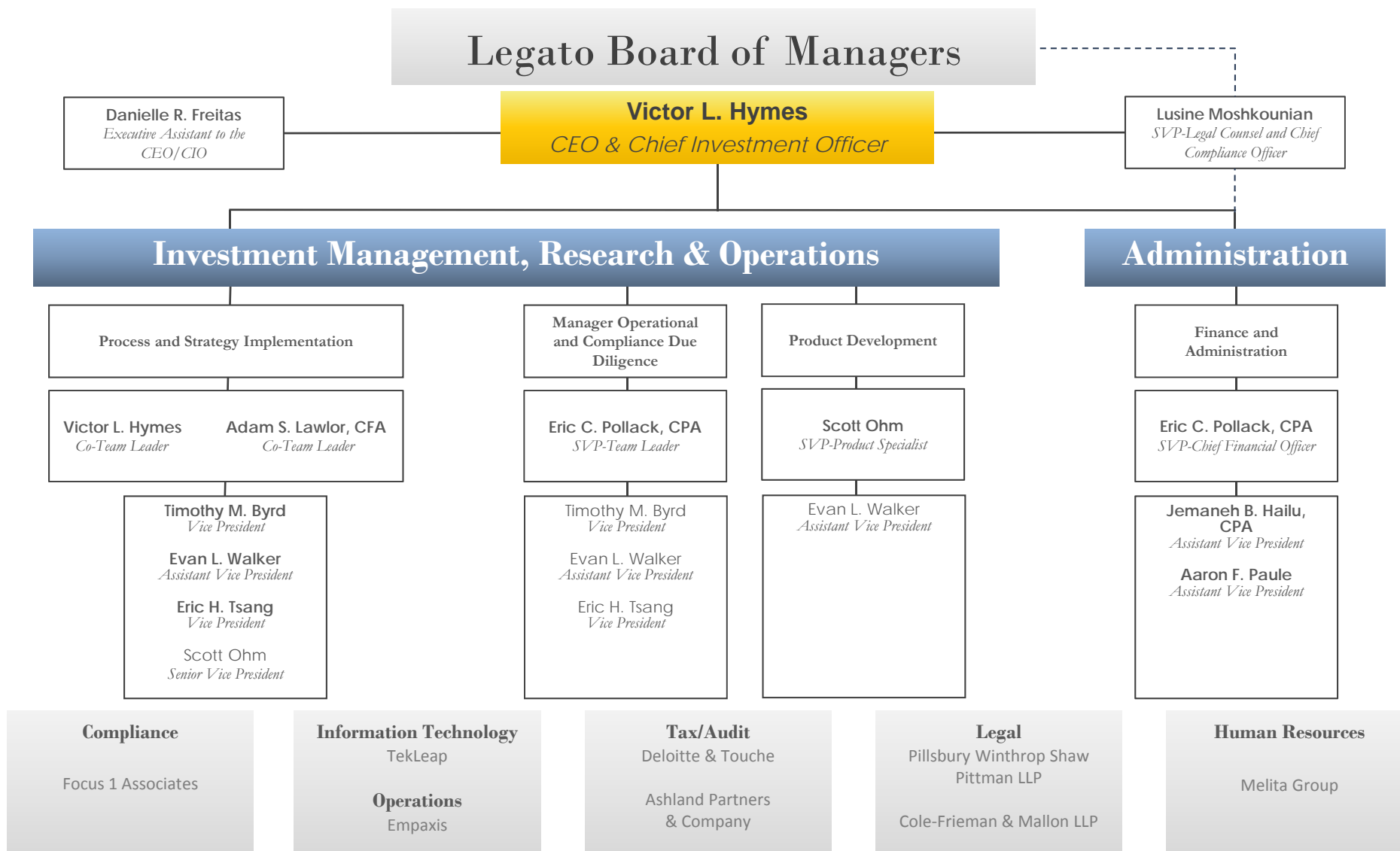
## **Appendix A.**

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### **Firm Overview and Process Snapshot**

# Firm Overview and Process Snapshot

Who We Are\*



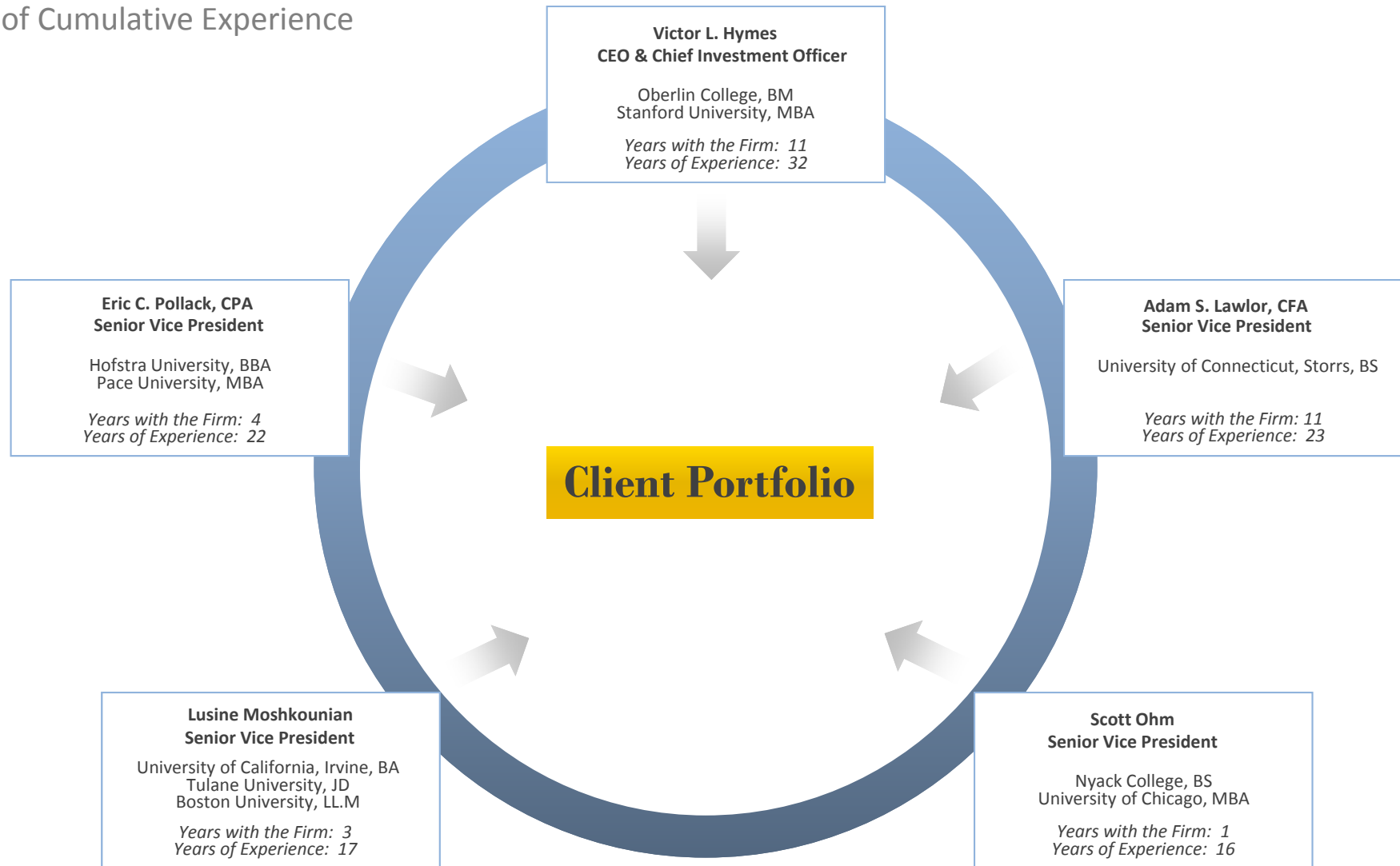
The names in bold indicate a team member's area of greatest concentration.

\*As of March 1, 2015.

# Firm Overview and Process Snapshot

More Than 110 Years  
of Cumulative Experience

Who We Are



Average Industry Experience  
Exceeds 22 Years

# Firm Overview and Process Snapshot

Who We Are

**Client Portfolio**

## PROCESS AND STRATEGY IMPLEMENTATION

- Client Portfolio Guidelines and Restrictions
- Trading
- Incentive Structure
- Proxy Voting and Best Execution
- Portfolio Rebalancing
- Construction
- Transition Management
- Performance Measurement and Monitoring

Victor L. Hymes, CIO

**PORTFOLIO STRATEGY AND IMPLEMENTATION**

Adam S. Lawlor, CFA

**CONVICTION RANKED UNIVERSE**  
Funded Managers/Focus Universe

Eric C. Pollack, CPA

**MANAGER RESEARCH AND DUE DILIGENCE**

Scott Ohm\*

## PROCESS AND STRATEGY IMPLEMENTATION

- Quantitative Analysis
- Qualitative Analysis
- Risk Management
- Governance
- Initial Manager Funding
- Stress Testing
- Quarterly Investment Review
- Background Checks
- Focus List

## MANAGER OPERATIONAL AND COMPLIANCE DUE DILIGENCE

- Operations and Business Risk
- Quarterly Compliance Review

## PRODUCT DEVELOPMENT

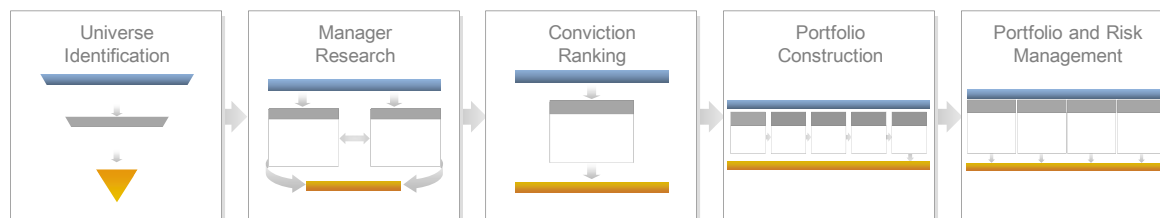
- Product Integrity
- Reporting and Quality Control
- Industry Research and Insight

\*Scott Ohm is a non-voting member of the Investment Committee.

# Firm Overview and Process Snapshot

How We Do It

*Determine an appropriate manager mix that captures each client's unique risk and return requirements*



Our manager research process identifies entrepreneurial managers with the greatest potential to deliver the highest risk adjusted returns over the intermediate and long-term periods

A portfolio of the highest conviction managers is then constructed to meet each client's unique objectives

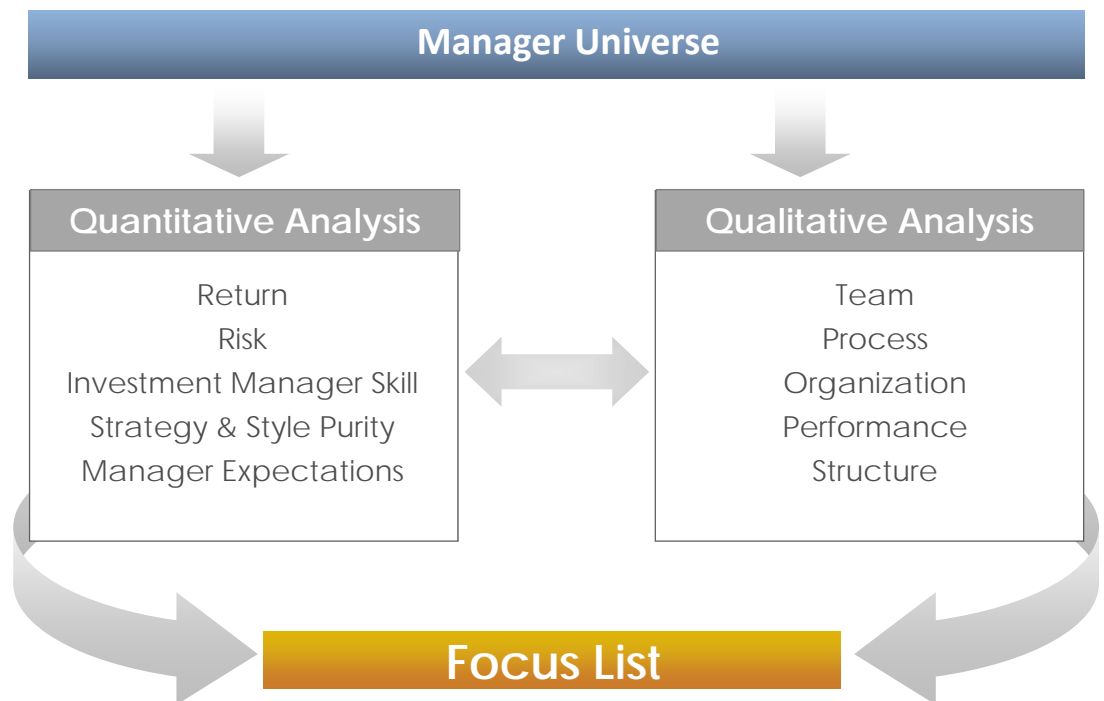


## Manager Research

*Analysis which includes both quantitative and qualitative insights leads us to ask deeper questions.*

We look for:

- A disciplined and repeatable investment process
- An organizational structure that supports the investment process
- A talented and dedicated team
- An entrepreneurial culture
- An ability and willingness to take calculated risks



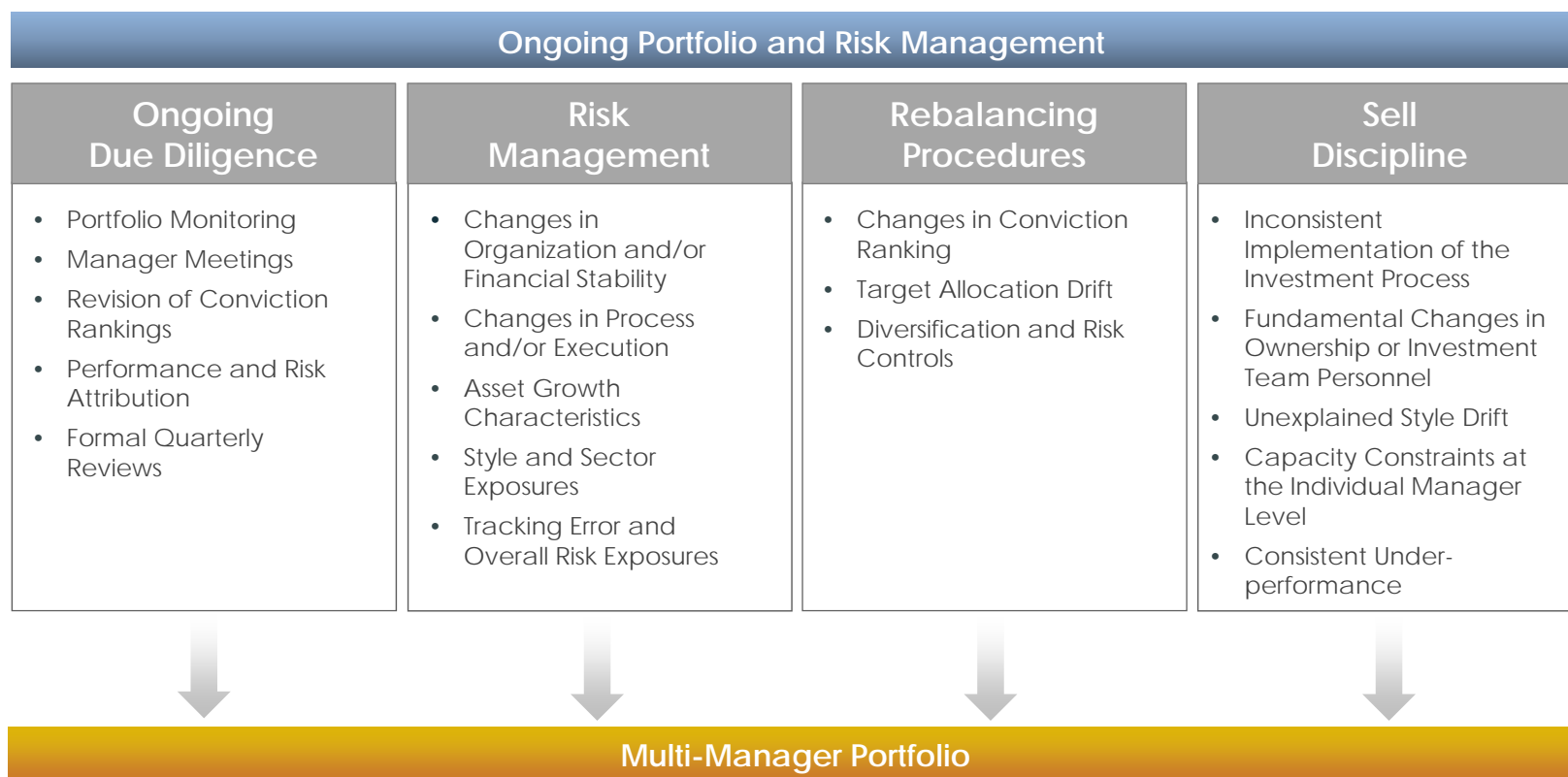
*We assign each manager a Conviction Ranking. Our conclusions are not the result of a simple averaging scheme, but are based on our overall assessment of an organization's most powerful drivers.*



# Firm Overview and Process Snapshot

How We Do It

## Portfolio & Risk Management



## **Appendix B.**

---

### **Compliance Checklist and Investment Guidelines**

- ☒ All securities publically traded on established exchange (including NASDAQ) or registered under SEC Rule 144a
- ☒ Holdings of single issuer < 5% of shares outstanding; maximum weight of 8% of portfolio at time of purchase
- ☒ ADRs and foreign denominated stocks < 20% of market value
- ☒ Sector diversification: maximum 3 times index weight or 25% at time of purchase and of market value at end of each quarter; GICS
- ☒ Cash < 5%
- ☒ No short sales, warrants or margin transactions, derivatives, or any leveraged investments

## **Appendix C.**

---

### **Legato Style Classifications**

## Legato Style Classifications

### Core

#### Active Quantitative

The active quantitative strategy is based primarily upon a numerical stock selection process and builds portfolios with an active risk level similar to the average fundamental peer manager.

#### Fundamental

The fundamental strategy is executed by an individual or a team who makes decisions based upon their independent due diligence and research.

#### Enhanced Quantitative

The enhanced quantitative strategy is based primarily upon a numerical stock selection process and builds portfolios with a relatively low active risk level to the benchmark.

### Growth

#### Conservative Growth

The conservative growth strategy is characterized by stocks with lower relative valuations versus the market, peers, and history while also having lower historical and projected revenue growth expectations. It is also referred to as 'Growth At a Reasonable Price (GARP)'.

#### Pure Growth

The pure growth strategy is characterized by a portfolio of growth stocks with similar valuation and earnings growth characteristics versus the benchmark.

#### Aggressive Growth

The aggressive growth strategy is characterized by stocks with higher historical and projected revenue growth expectations, high institutional ownership, positive price momentum, and higher relative valuation versus the market, peers, and their own history.

### Value

#### Relative Value

The relative value strategy is characterized by a portfolio of stocks that trade at relatively small discounts to valuation versus the market, peers, or their own history.

#### Pure Value

The pure value strategy is characterized by a portfolio of value stocks with similar valuation and earnings growth characteristics versus the benchmark.

#### Deep Value

The deep value strategy is characterized by stocks that have low institutional ownership, negative price momentum, and trade at deep discounts relative to average valuation levels or determined intrinsic value.

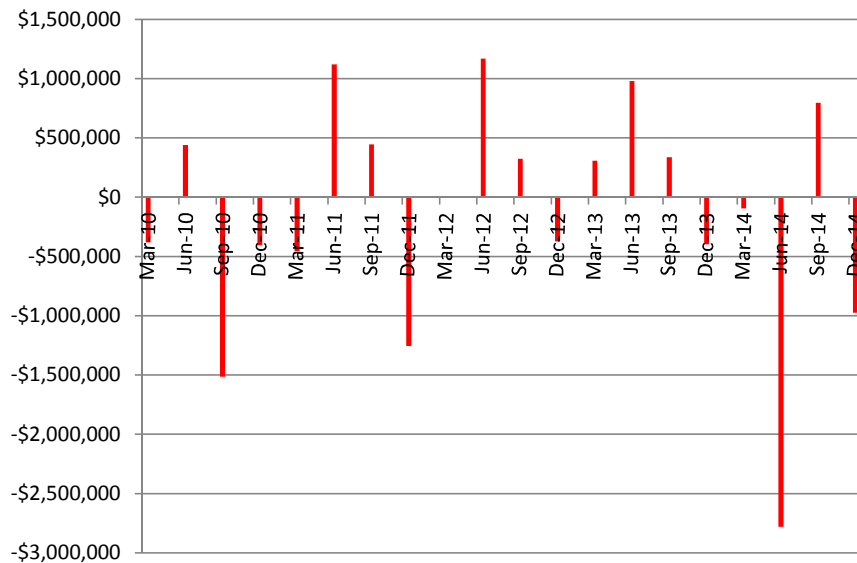
## Legato Capital Quarterly Value Added

Fees

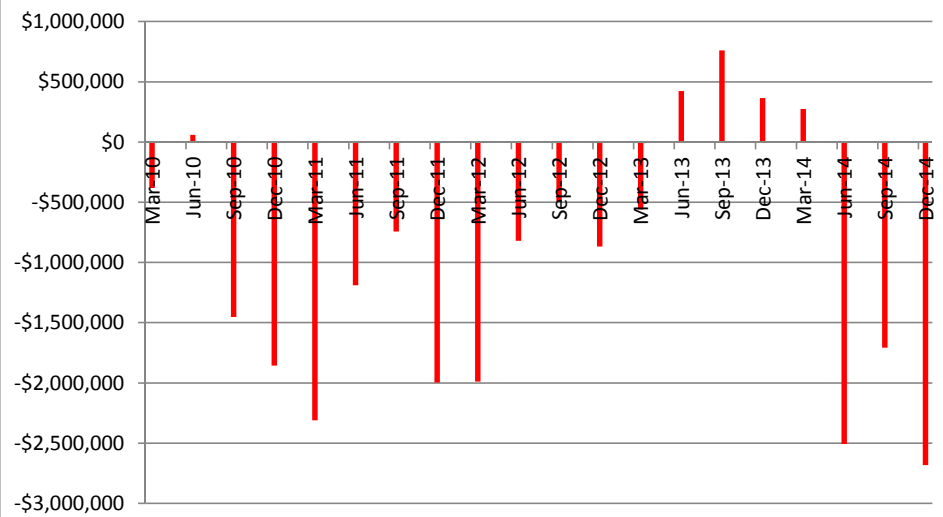
03/24/15  
Item # 6.a

| Quarter | Begin Date | End Date   | Alpha        | Managerial | Custodial | Value Added         |
|---------|------------|------------|--------------|------------|-----------|---------------------|
| 1       | 12/31/2009 | 3/31/2010  | -\$246,517   | \$116,353  | \$17,238  | <b>-\$380,108</b>   |
| 2       | 3/31/2010  | 6/30/2010  | \$579,733    | \$120,704  | \$18,097  | <b>\$440,932</b>    |
| 3       | 6/30/2010  | 9/30/2010  | -\$1,377,562 | \$117,787  | \$17,211  | <b>-\$1,512,560</b> |
| 4       | 9/30/2010  | 12/31/2010 | -\$246,064   | \$137,368  | \$19,740  | <b>-\$403,172</b>   |
| 5       | 12/31/2010 | 3/31/2011  | -\$280,084   | \$151,931  | \$22,252  | <b>-\$454,267</b>   |
| 6       | 3/31/2011  | 6/30/2011  | \$1,299,087  | \$154,501  | \$23,323  | <b>\$1,121,263</b>  |
| 7       | 6/30/2011  | 9/30/2011  | \$582,439    | \$117,446  | \$18,692  | <b>\$446,301</b>    |
| 8       | 9/30/2011  | 12/31/2011 | -\$1,117,167 | \$119,430  | \$16,508  | <b>-\$1,253,105</b> |
| 9       | 12/31/2011 | 3/31/2012  | \$159,474    | \$130,946  | \$22,688  | <b>\$5,841</b>      |
| 10      | 3/31/2012  | 6/30/2012  | \$1,322,961  | \$131,021  | \$22,120  | <b>\$1,169,820</b>  |
| 11      | 6/30/2012  | 9/30/2012  | \$479,877    | \$135,442  | \$19,914  | <b>\$324,521</b>    |
| 12      | 9/30/2012  | 12/31/2012 | -\$213,207   | \$138,254  | \$21,088  | <b>-\$372,549</b>   |
| 13      | 12/31/2012 | 3/31/2013  | \$485,352    | \$153,975  | \$21,977  | <b>\$309,400</b>    |
| 14      | 3/31/2013  | 6/30/2013  | \$1,167,286  | \$164,612  | \$21,657  | <b>\$981,017</b>    |
| 15      | 6/30/2013  | 9/30/2013  | \$546,533    | \$183,840  | \$23,292  | <b>\$339,402</b>    |
| 16      | 9/30/2013  | 12/31/2013 | -\$169,512   | \$198,693  | \$27,808  | <b>-\$396,013</b>   |
| 17      | 12/31/2013 | 3/31/2014  | \$135,426    | \$202,405  | \$25,425  | <b>-\$92,404</b>    |
| 18      | 3/31/2014  | 6/30/2014  | -\$2,565,323 | \$188,539  | \$25,578  | <b>-\$2,779,440</b> |
| 19      | 6/30/2014  | 9/30/2014  | \$1,004,243  | \$187,811  | \$18,072  | <b>\$798,360</b>    |
| 20      | 9/30/2014  | 12/31/2014 | -\$763,420   | \$199,515  | \$11,449  | <b>-\$974,385</b>   |

### Legato Capital Quarterly Value Added



### Legato Capital Quarterly Cumulative Value Added





STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**MONTHLY FLASH REPORT**

**FEBRUARY 28, 2015**

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## U.S. EQUITY

Equity markets bounced back in February, reversing January's lackluster start to the year.

Growth outperformed Value throughout the market capitalization structure. For the month, the Russell 1000 Growth Index was up +6.7% compared to the Russell 1000 Value Index up +4.8%. The Russell 2000 Growth Index advanced 7.2% and the Russell 2000 Value Index was up 4.6%. The S&P 500 Index ended the month up +5.8%.

The S&P 500 Index has a trailing P/E ratio of 20.5, a forward 12-month estimate P/E ratio of 17.7 and a dividend yield of 1.97%.

Corporate merger highlights for the month included:

Qatar Airways bought a \$1.7 billion stake in the owner of British Airways; Intel will buy German network chipmaker Lantiq for an undisclosed amount to expand its range of chips used in Internet – connected gadgets; Ireland's CRH will pay \$7.4 billion for assets that rivals Lafarge and Holcim needed to sell to secure regulatory approval for their planned merger; Myland will buy Indian drugmaker Famy Care's female health businesses for about \$750 million; Staples, the No. 1 U.S. office supplies retailer, will buy No. 2 Office Depot for \$6.3 billion; Macy's will buy Bluemercury, a chain of upscale beauty shops and spas, for \$210 million; Pfizer will buy Hospira, an Illinois-based provider of injectable drugs and infusion technologies, for approximately \$15 billion; Harris, a communications and info tech company, will buy Exelis, the former defense unit of IIT, in a deal valued at about \$4.4 billion; Canadian gold miner Tahoe Resources will buy smaller rival Rio Alto Mining in a deal valued at \$1.12 billion; Alibaba is expanding into the smart-phone business with a \$590 million investment in start-up Meizu Technology; British semiconductor firm ARM Holdings acquired Internet of Things software developer Offspark; IHH Healthcare and TPG Capital Management are vying to buy a controlling stake in India's Global Hospitals in a deal valued at \$350 million; Canon made a \$2.83 billion offer for network video surveillance leader Axis; Yelp acquired Eat24, an online food ordering service; China's Dalian Wanda Group signed a \$1.2 billion deal to buy Swiss sports marketing firm Infront Sports & Media; Rite Aid will pay about \$2 billion for EnvisionRx, a pharmacy benefit manager owned by investment firm TPG; British data center provider Telecity Group agreed to a non-binding \$2.2 billion all-share deal to buy New York-listed Interxion

Holding; Valeant Pharmaceuticals will buy bankrupt cancer vaccine maker Dendreon for \$400 million; Expedia will acquire Orbitz Worldwide for about \$1.38 billion, further consolidating the online travel industry; Microsoft will buy N-trig, an Israeli provider of digital pens and chips for touch screens, for at least \$200 million; Fairfax Financial, the Canadian p&c insurer, will buy Brit Plc for \$1.88 billion to become one of the top underwriters on the Lloyd's of London market; Internet and network security provider Check Point has bought Israeli start-up Hyperwise; Colorado-based Ball Corp. is buying London-based can maker Rexam in a deal valued at about \$6.64 billion; Valeant Pharmaceuticals will buy Salix Pharmaceuticals for \$10.1 billion; Merck & Co. entered a 5-year collaboration with NGM Biopharmaceuticals to research and develop drugs that treat diabetes and obesity; Bristol-Myers Squibb will buy privately held biotechnology company Flexus Biosciences; Keurig Green Mountain plans to buy back 5.2 million of its shares owned by Luigi Lavazza for about \$619 million; Globe Specialty Metals entered into a \$3.1 billion agreement to merge with Spanish firm Grupo FerroAtlantica; Dublin-based drugmaker Shire bought U.S. firm Meritage Pharma for about \$70 million; Hitachi will acquire the rail division of Italy's Finmeccanica for \$2.1 billion; Boston Scientific is close to buying Endo International's AMS medical device unit, a deal that could value the business at around \$2 billion.

## FIXED INCOME

Fed Chair Janet Yellen paved the way for the FOMC to drop its "patient" forward guidance on its March 18<sup>th</sup> meeting. This would move the Fed to the totally data dependent stage of the cycle, giving it maximum flexibility to begin tightening as soon as it deems appropriate.

GDP growth for the fourth quarter was trimmed a bit; now posting at 2.2% (annual rate), down from the initial estimate of 2.6%. The drag from trade was greater than initially reported with net exports now subtracting 1.2 points (up from 1.0 point) from overall GDP growth.

The yield on the bellwether 10-year Treasury rose to 2.02% at the close of February, up from 1.68% at the end of January. At month-end, the 30-year bond yield was 2.59% and the 3-month T-bill was 0.015%. The Barclays Capital US Aggregate Index was down -0.9% in February.

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

## THE GOOD

\*The index of consumer sentiment rose to 98.1 in January from 93.6 last month, its highest level since 2004.

\*The employment cost index, which measures pay and benefits, rose 2.2% in 2014, up from 2% the previous year, but still sluggish by historical standards.

\*U.S. employers added a vigorous 257,000 jobs in January, and wages jumped by the most in six years.

\*The Institute of Supply Management's index of service industries increased to 56.7 in January from 56.5 in December.

\*Job openings in the U.S. rose 3.7% to 5.03 million in December, the highest since 2001.

\*The Commerce Department reported that wholesale inventories edged up a slight 0.1% in December, although inventory values are measured in current dollars and month-to-month price changes will affect values.

\*The Commerce Department reported that retail sales excluding automobiles, gasoline, building materials and food services edged up 0.1% in January following a 0.3% drop in December.

\*While the homebuilder sentiment index fell to 55 in February; readings above 50 indicate that more builders view sales conditions as positive.

\*Wholesale prices fell by a record amount in January, led by the biggest drop in gasoline prices in six years.

\*The median existing-home price was \$199,600 in January, 6.2% above January 2014 levels.

\*Financial data firm Markit reported that its preliminary or 'flash' reading of its Purchasing Managers Index for the service sector rose to 57.0 in February from a final reading of 54.2 in January.

## THE NOT SO GOOD

\*The Commerce Department reported that the U.S. economy grew 2.6% in the October to December quarter – down from a gain of 4.6% in the second quarter and 5% in the third quarter.

\*The Institute for Supply Management's manufacturing index slowed to 53.5% in January from 55.1% in December, marking the worst performance in a year.

\*The Commerce Department reported that new orders for manufactured goods fell 3.4% in December, the fifth straight month of declines.

\*The Commerce Department reported that consumer spending dropped 0.3% in December after a downwardly revised 0.5% increase in November. It was the largest drop since September 2009.

\*The U.S. trade deficit in December jumped to \$46.6 billion, the highest level in more than two years as exports fell and Americans bought a record amount of imports.

\*U.S. consumer borrowing expanded by \$14.8 billion in December, pushing consumer debt to a record \$3.31 trillion.

\*The Fed's labor market conditions index, which weighs 19 different economic indicators, fell to 4.9 in January from an upwardly revised 7.3 in December and was the lowest reading since September.

\*The U.S. consumer sentiment unexpectedly fell in February from an 11-year high amid worries over slowing economic growth, suggesting a recent weakness in spending might last for a while.

\*Student loans 90 days or more overdue rose to 11.3% in the last quarter; total student borrowing now stands at \$1.16 trillion, the most on record.

\*Housing starts slipped 2.0% to a seasonally adjusted annual rate of 1.07 million last month.

\*The index of leading indicators rose 0.2% in January, the weakest gain since August; the index is designed to predict the future health of the economy.

\*The National Association of Realtors reported that existing home sales fell 4.9% in January to a seasonally adjusted annual rate of 4.82 million.

## NON-U.S. MARKETS

As expected, the European Central Bank (ECB) made no changes to the monetary policy stimulus program announced at its last meeting on January 25<sup>th</sup>. It reaffirmed its commitment to a quantitative easing program of €60 billion per month in purchases of public and private sector securities, beginning on March 9<sup>th</sup> and lasting until at least September 30, 2016, or beyond if needed.

Eurozone real GDP rose 0.3% in the fourth quarter, unchanged from the preliminary (flash) estimate. The newly released details revealed broad-based strength across the demand components.

Greece's unemployment rate edged up in December to 26.0%. It had been grinding slowly lower since peaking at 28.0% in September 2013. But there is now the

disquieting sense that it may now be leveling off at an extremely high level.

There are some tentative signs that wage inflation is picking up in Japan. Labor cash earnings rose 1.3% year-over-year in January, the 11<sup>th</sup> consecutive gain, although because of the 3.0% VAT hike last April, real earnings fell 1.5%.

China is expected to lower its GDP target to around 7% this year, after the economy grew 7.4% in 2014, the slowest pace in 24 years. China's central bank continues to ease. The People's Bank of China made a system-wide cut to bank reserve requirements to fight off economic slowdown and looming deflation.

India's central bank also eased again. The Reserve Bank of India cut its administer rates a quarter point, leaving the repo rate at 7.50% and the reverse repo at 6.50%. Its previous move was a quarter point cut in January. Before that it was on hold for a year following a brief tightening cycle that ran from September 2013 to January 2014.

Inflation is accelerating severely in Russia. The CPI inflation rate rose another 1.7 points to 16.7% year-over-year, more than double the reading from last fall and it's highest in 13 years.

Non-U.S. equities posted strong returns in February. The MSCI ACWI Ex-U.S. advanced +5.4% (US dollars) for the month. International Developed stocks (EAFE) were up +6.0% and Emerging Markets were up +3.1% for the month.

## CONCLUSION

Even with the improvement in the U.S. job market and the overall economy, longer-term interest rates in many advanced economies have moved down significantly since the middle of last year; the declines have reflected, at least in part, disappointing growth trajectories on the international arena and aggressive monetary positioning. A long period of rock-bottom borrowing costs and massive purchases of bonds by the Fed via several rounds of quantitative easing have spurred investors to embrace risk assets and equities. How the adjustment to higher rates will go has few historical mappings to offer guidance.

## Monthly Market Update

### US Equity Indices Trailing Performance

| Annualized Performance to Date:<br>Ending Feb-15 | 1<br>Month | 3<br>Months | YTD   | 1<br>Year | 2<br>Years | 3<br>Years | 5<br>Years | 7<br>Years | 10<br>Years |
|--|------------|-------------|-------|-----------|------------|------------|------------|------------|-------------|
| Russell 3000 Index                               | 5.79       | 2.84        | 2.85  | 14.12     | 20.27      | 18.02      | 16.36      | 9.43       | 8.30        |
| Russell TOP 200 Index                            | 5.89       | 1.98        | 2.42  | 15.59     | 20.26      | 17.78      | 15.83      | 8.74       | 7.66        |
| Russell TOP 200 Growth Index                     | 6.57       | 3.55        | 5.01  | 17.74     | 22.79      | 18.06      | 17.03      | 10.78      | 9.09        |
| Russell TOP 200 Value Index                      | 5.17       | 0.35        | -0.20 | 13.41     | 17.73      | 17.47      | 14.62      | 6.65       | 6.22        |
| S&P 500 Index                                    | 5.75       | 2.31        | 2.57  | 15.51     | 20.34      | 18.00      | 16.18      | 9.13       | 7.99        |
| Russell 1000 Index                               | 5.78       | 2.63        | 2.87  | 14.88     | 20.47      | 18.14      | 16.39      | 9.36       | 8.30        |
| Russell 1000 Growth Index                        | 6.67       | 3.94        | 5.03  | 16.24     | 22.52      | 18.05      | 17.21      | 10.76      | 9.28        |
| Russell 1000 Value Index                         | 4.84       | 1.27        | 0.65  | 13.49     | 18.36      | 18.11      | 15.51      | 7.83       | 7.21        |
| Russell Mid-Cap Index                            | 5.54       | 4.11        | 3.89  | 13.31     | 20.95      | 18.95      | 17.74      | 10.93      | 9.92        |
| Russell Mid-Cap Growth Index                     | 6.88       | 4.78        | 5.08  | 13.10     | 22.00      | 18.16      | 17.92      | 10.91      | 9.99        |
| Russell Mid-Cap Value Index                      | 4.10       | 3.38        | 2.61  | 13.63     | 19.89      | 19.57      | 17.53      | 10.80      | 9.59        |
| Russell 2000 Index                               | 5.94       | 5.45        | 2.53  | 5.63      | 17.89      | 16.58      | 15.97      | 10.26      | 8.31        |
| Russell 2000 Value Index                         | 4.64       | 3.03        | 0.29  | 3.96      | 14.54      | 15.32      | 13.97      | 8.91       | 7.13        |
| Russell 2000 Growth Index                        | 7.20       | 7.86        | 4.75  | 7.37      | 21.31      | 17.83      | 17.96      | 11.52      | 9.40        |
| DJ US REIT Index                                 | -3.58      | 4.72        | 2.87  | 24.13     | 14.81      | 15.22      | 17.74      | 9.09       | 9.09        |
| DJ-UBS US Commodity Index TR                     | 2.58       | -8.41       | -2.51 | -22.77    | -12.93     | -11.21     | -4.95      | -9.75      | -2.71       |
| DJ-UBS US Gold Index TR                          | -5.17      | 3.13        | 0.99  | -8.45     | -12.65     | -11.29     | 1.05       | 2.43       | 9.84        |

### Non-US Indices Trailing Performance

| Annualized Performance to Date:<br>Ending Feb-15 | 1<br>Month | 3<br>Months | YTD   | 1<br>Year | 2<br>Years | 3<br>Years | 5<br>Years | 7<br>Years | 10<br>Years |
|--|------------|-------------|-------|-----------|------------|------------|------------|------------|-------------|
| MSCI AC World Index ex USA                       | 5.36       | 1.46        | 5.22  | 1.31      | 6.86       | 6.96       | 7.02       | 1.62       | 5.81        |
| MSCI AC World Index                              | 5.61       | 2.02        | 3.99  | 8.11      | 13.32      | 12.17      | 11.29      | 5.08       | 6.92        |
| MSCI EAFE Index                                  | 5.99       | 2.85        | 6.52  | 0.39      | 9.66       | 9.90       | 8.27       | 2.10       | 5.32        |
| MSCI Emerging Markets index                      | 3.11       | -1.00       | 3.73  | 5.38      | -0.30      | 0.01       | 3.97       | 0.37       | 8.23        |
| ML Global Government Bond Ex. U.S. Index         | -1.60      | -2.12       | -1.77 | -8.63     | -5.17      | -5.24      | -0.26      | 1.29       | 2.31        |
| Euro   | -0.60      | -10.03      | -7.31 | -18.79    | -7.37      | -5.70      | -3.85      | -4.23      | -1.67       |
| Japanese Yen                                     | -1.74      | -0.72       | 0.29  | -14.62    | -12.15     | -12.19     | -5.76      | -1.96      | -1.36       |
| UK Pound Sterling                                | 2.90       | -1.32       | -0.89 | -7.78     | 0.90       | -1.10      | 0.30       | -3.54      | -2.18       |

### US Fixed Income Indices Trailing Performance

| Annualized Performance to Date:<br>Ending Feb-15 | 1<br>Month | 3<br>Months | YTD  | 1<br>Year | 2<br>Years | 3<br>Years | 5<br>Years | 7<br>Years | 10<br>Years |
|--|------------|-------------|------|-----------|------------|------------|------------|------------|-------------|
| ML 3-month T-bill Total Return Index             | 0.00       | 0.00        | 0.00 | 0.03      | 0.06       | 0.07       | 0.09       | 0.29       | 1.51        |
| BarCap Aggregate Bond Index                      | -0.94      | 1.23        | 1.14 | 5.05      | 2.57       | 2.76       | 4.29       | 4.67       | 4.82        |
| ML U.S. Corp/Govt Master Index                   | -1.33      | 1.42        | 1.35 | 5.56      | 2.61       | 3.03       | 4.65       | 4.64       | 4.87        |
| ML U.S. Corporate Master Index                   | -0.84      | 1.74        | 1.88 | 6.45      | 3.90       | 4.95       | 6.50       | 6.42       | 5.70        |
| BarCap Mortgage Backed Securities Index          | -0.16      | 0.84        | 0.68 | 4.80      | 2.70       | 2.44       | 3.56       | 4.51       | 4.81        |
| ML U.S. High Yield Master Index                  | 2.39       | 1.56        | 3.09 | 2.77      | 5.53       | 7.58       | 9.17       | 9.31       | 7.72        |
| JPM EMBI Global                                  | 1.25       | -1.32       | 1.59 | 4.91      | 0.86       | 4.25       | 7.22       | 7.29       | 7.72        |

## Monthly Market Update

## US Equity Indices Trailing Performance

| Annualized Performance to Date:<br>Ending Feb-15 | 1<br>Month | 3<br>Month | 1<br>Year | 2<br>Years | 3<br>Years | 5<br>Years | 7<br>Years | 10<br>Years |
|--|------------|------------|-----------|------------|------------|------------|------------|-------------|
| Russell 3000 Index                               | 5.79       | 2.84       | 14.12     | 13.37      | 18.02      | 16.36      | 17.68      | 8.30        |
| Russell TOP 200 Index                            | 5.89       | 1.98       | 15.59     | 13.56      | 17.78      | 15.83      | 16.47      | 7.66        |
| Russell TOP 200 Growth Index                     | 6.57       | 3.55       | 17.74     | 16.30      | 18.06      | 17.03      | 18.78      | 9.09        |
| Russell TOP 200 Value Index                      | 5.17       | 0.35       | 13.41     | 10.80      | 17.47      | 14.62      | 14.10      | 6.22        |
| S&P 500 Index                                    | 5.75       | 2.31       | 15.51     | 14.08      | 18.00      | 16.18      | 17.20      | 7.99        |
| Russell 1000 Index                               | 5.78       | 2.63       | 14.88     | 13.98      | 18.14      | 16.39      | 17.70      | 8.30        |
| Russell 1000 Growth Index                        | 6.67       | 3.94       | 16.24     | 15.86      | 18.05      | 17.21      | 19.52      | 9.28        |
| Russell 1000 Value Index                         | 4.84       | 1.27       | 13.49     | 12.04      | 18.11      | 15.51      | 15.78      | 7.21        |
| Russell Mid-Cap Index                            | 5.54       | 4.11       | 13.31     | 14.93      | 18.95      | 17.74      | 20.92      | 9.92        |
| Russell Mid-Cap Growth Index                     | 6.88       | 4.78       | 13.10     | 14.90      | 18.16      | 17.92      | 21.72      | 9.99        |
| Russell Mid-Cap Value Index                      | 4.10       | 3.38       | 13.63     | 15.03      | 19.57      | 17.53      | 19.98      | 9.59        |
| Russell 2000 Index                               | 5.94       | 5.45       | 5.63      | 6.44       | 16.58      | 15.97      | 17.37      | 8.31        |
| Russell 2000 Growth Index                        | 7.20       | 7.86       | 7.37      | 9.04       | 17.83      | 17.96      | 19.89      | 9.40        |
| Russell 2000 Value Index                         | 4.64       | 3.03       | 3.96      | 3.86       | 15.32      | 13.97      | 14.90      | 7.13        |
| Bloomberg Commodity Index TR                     | 2.58       | -8.41      | -22.77    | -15.39     | -11.21     | -4.95      | -1.93      | -2.71       |
| DJ US REIT Index                                 | -3.58      | 4.72       | 24.13     | 29.98      | 15.22      | 17.74      | 18.82      | 9.09        |
| DJ-UBS US Gold Index TR                          | -5.17      | 3.13       | -8.45     | 0.51       | -11.29     | 1.05       | 4.60       | 9.84        |

## Non-US Equity Indices Trailing Performance

| Annualized Performance to Date:<br>Ending Feb-15 | 1<br>Month | 3<br>Months | 1<br>Year | 2<br>Years | 3<br>Years | 5<br>Years | 7<br>Years | 10<br>Years |
|--|------------|-------------|-----------|------------|------------|------------|------------|-------------|
| MSCI AC World Index ex USA                       | 5.36       | 1.46        | 1.31      | 1.37       | 6.96       | 7.02       | 10.96      | 5.81        |
| MSCI AC World Index                              | 5.61       | 2.02        | 8.11      | 7.56       | 12.17      | 11.29      | 13.98      | 6.92        |
| MSCI EAFE Index                                  | 5.99       | 2.85        | 0.39      | 1.49       | 9.90       | 8.27       | 10.69      | 5.32        |
| MSCI Emerging Markets index                      | 3.11       | -1.00       | 5.38      | 1.58       | 0.01       | 3.97       | 12.45      | 8.23        |
| ML Global Government Bond Ex. U.S. Index         | -1.60      | -2.12       | -8.63     | -4.84      | -5.24      | -0.26      | 0.36       | 2.31        |
| Japanese Yen                                     | -1.74      | -0.72       | -14.62    | -10.45     | -12.19     | -5.76      | -4.39      | -1.36       |
| Euro   | -0.60      | -10.03      | -18.79    | -16.17     | -5.70      | -3.85      | -3.42      | -1.67       |
| UK Pound Sterling                                | 2.90       | -1.32       | -7.78     | -5.77      | -1.10      | 0.30       | 1.18       | -2.18       |

## US Fixed Income Indices Trailing Performance

| Annualized Performance to Date:<br>Ending Feb-15 | 1<br>Month | 3<br>Month | 1<br>Year | 2<br>Years | 3<br>Years | 5<br>Years | 7<br>Years | 10<br>Years |
|--|------------|------------|-----------|------------|------------|------------|------------|-------------|
| ML 3-month T-bill Total Return Index             | 0.00       | 0.00       | 0.03      | 0.03       | 0.07       | 0.09       | 0.11       | 1.51        |
| BarCap Aggregate Bond Index                      | -0.94      | 1.23       | 5.05      | 6.12       | 2.76       | 4.29       | 4.76       | 4.82        |
| BarCap Mortgage Backed Securities Index          | -0.16      | 0.84       | 4.80      | 5.81       | 2.44       | 3.56       | 4.09       | 4.81        |
| ML U.S. Corp/Govt Master Index                   | -1.33      | 1.42       | 5.56      | 6.76       | 3.03       | 4.65       | 4.89       | 4.87        |
| ML U.S. Corporate Master Index                   | -0.84      | 1.74       | 6.45      | 8.12       | 4.95       | 6.50       | 8.78       | 5.70        |
| ML U.S. High Yield Master Index                  | 2.39       | 1.56       | 2.77      | 4.79       | 7.58       | 9.17       | 15.74      | 7.72        |
| JPM EMBI Global                                  | 1.25       | -1.32      | 4.91      | 6.14       | 4.25       | 7.22       | 10.48      | 7.72        |

| ASSET CLASS                     | MARKET VALUE         | PERCENT       | CURRENT POLICY |                      | TARGET POLICY |                      |
|---------------------------------|----------------------|---------------|----------------|----------------------|---------------|----------------------|
|                                 |                      |               | ALLOCATION     | RANGE                | ALLOCATION    | RANGE                |
| <b>DOMESTIC EQUITIES</b>        | <b>891,401,142</b>   | <b>48.6%</b>  | <b>46.7%</b>   | <b>41.7% - 51.7%</b> | <b>38.2%</b>  | <b>32.2% - 44.2%</b> |
| BlackRock Russell 1000 Growth   | 112,606,884          | 6.1%          | 5.5%           | 4.0% - 6.0%          | 4.6%          |                      |
| Jackson Square                  | 169,720,305          | 9.3%          | 8.5%           | 7.0% - 10.0%         | 6.7%          |                      |
| BlackRock Russell 1000 Value    | 125,150,522          | 6.8%          | 6.5%           | 5.5% - 6.5%          | 5.5%          |                      |
| Dodge & Cox - Equity            | 184,699,028          | 10.1%         | 9.7%           | 7.7% - 11.7%         | 8.9%          |                      |
| Legato Capital                  | 93,838,355           | 5.1%          | 5.5%           | 4.0% - 6.0%          | 3.7%          |                      |
| Capital Prospects               | 100,488,807          | 5.5%          | 5.5%           | 4.0% - 6.0%          | 4.0%          |                      |
| Mellon S&P 500                  | 104,897,241          | 5.7%          | 5.5%           | 4.0% - 6.0%          | 4.8%          |                      |
| <b>INTERNATIONAL EQUITIES</b>   | <b>317,507,477</b>   | <b>17.3%</b>  | <b>18.0%</b>   | <b>15.0% - 21.0%</b> | <b>18.0%</b>  | <b>15.0% - 21.0%</b> |
| LSV Asset Mgt                   | 157,039,206          | 8.6%          | 9.0%           | 7.5% - 10.5%         | 9.0%          |                      |
| Pyramis                         | 160,468,271          | 8.7%          | 9.0%           | 7.5% - 10.5%         | 9.0%          |                      |
| <b>FIXED INCOME</b>             | <b>496,090,625</b>   | <b>27.0%</b>  | <b>29.8%</b>   | <b>26.0% - 33.6%</b> | <b>29.8%</b>  | <b>26.0% - 33.6%</b> |
| Dodge & Cox - Fixed             | 384,783,350          | 21.0%         | 23.8%          | 20.8% - 26.8%        | 23.8%         |                      |
| PIMCO                           | 111,307,275          | 6.1%          | 6.0%           | 5.0% - 7.0%          | 6.0%          |                      |
| <b>ALTERNATIVES:</b>            | <b>129,566,919</b>   | <b>7.1%</b>   | <b>5.5%</b>    |                      | <b>14.0%</b>  |                      |
| <b>REAL ESTATE</b>              | <b>32,456,463</b>    | <b>1.8%</b>   | <b>1.5%</b>    | <b>1.0% - 2.0%</b>   | <b>3.5%</b>   | <b>1.0% - 4.5%</b>   |
| American Strategic Value Fund   | 5,488,219            | 0.3%          |                |                      |               |                      |
| BlackRock US Real Estate        | 13,855,200           | 0.8%          | 1.5%           | 0.0% - 2.0%          | 0.0%          |                      |
| Greenfield Gap                  | 10,612,911           | 0.6%          | 0.0%           | 0.0% - 1.5%          | 1.0%          |                      |
| 12th Street Building            | 2,500,000            | 0.1%          | 0.0%           |                      | 0.0%          |                      |
| Unallocated Private Real Estate | 0                    | 0.0%          | 0.0%           |                      | 2.5%          |                      |
| <b>DIRECT LENDING</b>           | <b>97,110,456</b>    | <b>5.3%</b>   | <b>4.0%</b>    | <b>2.0% - 6.0%</b>   | <b>7.5%</b>   | <b>2.5% - 9.0%</b>   |
| Medley Capital                  | 31,752,243           | 1.7%          | 1.0%           | 1.0% - 3.0%          | 2.1%          |                      |
| Raven Capital                   | 30,465,465           | 1.7%          | 1.5%           | 1.0% - 3.0%          | 2.7%          |                      |
| White Oak Pinnacle              | 34,892,748           | 1.9%          | 1.5%           | 1.0% - 3.0%          | 2.7%          |                      |
| <b>INFRASTRUCTURE</b>           | <b>0</b>             | <b>0.0%</b>   | <b>0.0%</b>    | <b>0.0% - 0.0%</b>   | <b>3.0%</b>   | <b>0.0% - 4.0%</b>   |
| <b>CASH</b>                     | <b>2,589</b>         | <b>0.0%</b>   | <b>0.0%</b>    | <b>0.0% - 3.0%</b>   | <b>0.0%</b>   | <b>0.0% - 3.0%</b>   |
| <b>TOTAL PORTFOLIO</b>          | <b>1,834,568,751</b> | <b>100.0%</b> | <b>100.0%</b>  |                      | <b>100.0%</b> |                      |



As of February 28, 2015

| ASSET CLASS   | CURRENT MONTH        | PRIOR MONTH          | % CHANGE *   | PRIOR YEAR           | % CHANGE *   |
|---|----------------------|----------------------|--------------|----------------------|--------------|
| <b>MARKET VALUE</b>   |                      |                      |              |                      |              |
| DOMESTIC EQUITIES   | 891,401,142          | 842,201,818          | 5.84%        | 831,632,416          | 7.19%        |
| INTERNATIONAL EQUITIES  | 317,507,476          | 300,549,646          | 5.64%        | 313,305,862          | 1.34%        |
| FIXED INCOME  | 496,090,625          | 500,332,632          | -0.85%       | 499,921,806          | -0.77%       |
| DIRECT LENDING  | 97,110,455           | 92,911,978           | 4.52%        | 55,076,752           | 76.32%       |
| REAL ESTATE   | 32,456,463           | 32,962,932           | -1.54%       | 26,222,544           | 23.77%       |
| SECURITIES LENDING  | 0                    | 0                    | 0.00%        | (528,520)            | 100.00%      |
| DISTRIBUTION RECEIVABLE   | 0                    | 0                    | 0.00%        | 7,885,764            | 100.00%      |
| CASH  | 2,589                | 2,589                | 0.00%        | -                    | N/A          |
| <b>TOTAL PORTFOLIO</b>  | <b>1,834,568,751</b> | <b>1,768,961,595</b> | <b>3.71%</b> | <b>1,733,516,625</b> | <b>5.83%</b> |
| <b>ASSET ALLOCATION (ACTUAL)</b>  |                      |                      |              |                      |              |
| DOMESTIC EQUITIES   | 48.59%               | 47.61%               | 1.0%         | 47.97%               | 0.6%         |
| INTERNATIONAL EQUITIES  | 17.31%               | 16.99%               | 0.3%         | 18.07%               | -0.8%        |
| FIXED INCOME  | 27.04%               | 28.28%               | -1.2%        | 28.84%               | -1.8%        |
| DIRECT LENDING  | 5.29%                | 5.25%                | 0.0%         | 3.18%                | 2.1%         |
| REAL ESTATE   | 1.77%                | 1.86%                | -0.1%        | 1.51%                | 0.3%         |
| SECURITY LENDING  | 0.00%                | 0.00%                | 0.0%         | -0.03%               | 0.0%         |
| RECEIVABLES   | 0.00%                | 0.00%                | 0.0%         | 0.45%                | -0.5%        |
| CASH  | 0.00%                | 0.00%                | 0.0%         | -                    | N/A          |
| <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 |                      |                      |              |                      |              |



Periods Ending February 28, 2015

|                               | Market Value           | 1 Mo         | 1/1/15 -<br>1/31/15 | Fiscal YTD    |
|-------------------------------|------------------------|--------------|---------------------|---------------|
| <b>Total Fund</b>             | <b>\$1,834,568,751</b> | <b>3.83%</b> | <b>-1.37%</b>       | <b>3.93%</b>  |
| <i>Policy Index</i>           |                        | <u>3.37%</u> | <u>-0.60%</u>       | <u>4.33%</u>  |
| Excess Return                 |                        | 0.46%        | -0.77%              | -0.40%        |
| <b>US Equity</b>              | <b>\$891,401,142</b>   | <b>6.28%</b> | <b>-3.60%</b>       | <b>7.44%</b>  |
| <i>US Equity Blended</i>      |                        | <u>5.81%</u> | <u>-2.84%</u>       | <u>7.77%</u>  |
| Excess Return                 |                        | 0.47%        | -0.76%              | -0.33%        |
| BlackRock Russell 1000 Growth | \$112,606,884          | 6.66%        | -1.55%              | 11.76%        |
| <i>Russell 1000 Growth</i>    |                        | <u>6.67%</u> | <u>-1.53%</u>       | <u>11.69%</u> |
| Excess Return                 |                        | -0.01%       | -0.02%              | 0.07%         |
| Jackson Square                | \$169,720,305          | 7.29%        | -3.16%              | 11.88%        |
| <i>Russell 1000 Growth</i>    |                        | <u>6.67%</u> | <u>-1.53%</u>       | <u>11.69%</u> |
| Excess Return                 |                        | 0.62%        | -1.63%              | 0.19%         |
| BlackRock Russell 1000 Value  | \$125,150,522          | 4.86%        | -3.97%              | 5.56%         |
| <i>Russell 1000 Value</i>     |                        | <u>4.84%</u> | <u>-4.00%</u>       | <u>5.46%</u>  |
| Excess Return                 |                        | 0.02%        | 0.03%               | 0.10%         |
| Dodge & Cox-Equity            | \$184,699,028          | 6.37%        | -5.52%              | 4.02%         |
| <i>Russell 1000 Value</i>     |                        | <u>4.84%</u> | <u>-4.00%</u>       | <u>5.46%</u>  |
| Excess Return                 |                        | 1.53%        | -1.52%              | -1.44%        |
| <b>Legato Capital</b>         | <b>\$93,838,355</b>    | <b>6.52%</b> | <b>-2.45%</b>       | <b>7.88%</b>  |
| <i>Russell 2000 Growth</i>    |                        | <u>7.20%</u> | <u>-2.28%</u>       | <u>8.22%</u>  |
| Excess Return                 |                        | -0.68%       | -0.17%              | -0.34%        |
| <b>Capital Prospects</b>      | <b>\$100,488,807</b>   | <b>6.13%</b> | <b>-4.19%</b>       | <b>2.68%</b>  |
| <i>Russell 2000 Value</i>     |                        | <u>4.64%</u> | <u>-4.16%</u>       | <u>0.31%</u>  |
| Excess Return                 |                        | 1.49%        | -0.03%              | 2.37%         |

|                               | Market Value         | 1 Mo          | 1/1/15 -<br>1/31/15 | Fiscal YTD    |
|-------------------------------|----------------------|---------------|---------------------|---------------|
| Mellon S&P 500                | \$104,897,241        | 5.75%         | -3.01%              | 8.87%         |
| <i>S&amp;P 500</i>            |                      | <u>5.75%</u>  | <u>-3.00%</u>       | <u>8.85%</u>  |
| Excess Return                 |                      | 0.00%         | -0.01%              | 0.02%         |
| <b>International Equity</b>   | <b>\$317,507,476</b> | <b>5.64%</b>  | <b>-0.44%</b>       | <b>-3.36%</b> |
| <i>MSCI ACWI ex US</i>        |                      | <u>5.36%</u>  | <u>-0.13%</u>       | <u>-4.05%</u> |
| Excess Return                 |                      | 0.28%         | -0.31%              | 0.69%         |
| LSV Asset Mgt                 | \$157,039,206        | 6.50%         | -0.80%              | -4.26%        |
| <i>MSCI ACWI ex USA Gross</i> |                      | <u>5.36%</u>  | <u>-0.13%</u>       | <u>-4.05%</u> |
| Excess Return                 |                      | 1.14%         | -0.67%              | -0.21%        |
| Pyramis                       | \$160,468,271        | 4.82%         | -0.09%              | -2.46%        |
| <i>MSCI ACWI ex USA Gross</i> |                      | <u>5.36%</u>  | <u>-0.13%</u>       | <u>-4.05%</u> |
| Excess Return                 |                      | -0.54%        | 0.04%               | 1.59%         |
| <b>US Fixed Income</b>        | <b>\$496,090,625</b> | <b>-0.45%</b> | <b>1.57%</b>        | <b>2.58%</b>  |
| <i>Barclays Aggregate</i>     |                      | <u>-0.94%</u> | <u>2.10%</u>        | <u>3.12%</u>  |
| Excess Return                 |                      | 0.49%         | -0.53%              | -0.54%        |
| Dodge & Cox-Fixed             | \$384,783,350        | -0.34%        | 1.45%               | 2.63%         |
| <i>Barclays Aggregate</i>     |                      | <u>-0.94%</u> | <u>2.10%</u>        | <u>3.12%</u>  |
| Excess Return                 |                      | 0.60%         | -0.65%              | -0.49%        |
| PIMCO                         | \$111,307,275        | -0.83%        | 1.96%               | 2.42%         |
| <i>Barclays Aggregate</i>     |                      | <u>-0.94%</u> | <u>2.10%</u>        | <u>3.12%</u>  |
| Excess Return                 |                      | 0.11%         | -0.14%              | -0.70%        |
| <b>Real Estate</b>            | <b>\$29,956,463</b>  | <b>-1.66%</b> | <b>3.91%</b>        | <b>11.05%</b> |
| <i>DJ US Select RESI</i>      |                      | <u>-3.54%</u> | <u>6.74%</u>        | <u>14.92%</u> |
| Excess Return                 |                      | 1.88%         | -2.83%              | -3.87%        |

|                                 | Market Value        | 1 Mo          | 1/1/15 -<br>1/31/15 | Fiscal YTD    |
|---------------------------------|---------------------|---------------|---------------------|---------------|
| American Strategic Value Realty | \$5,488,219         | 0.00%         | 0.00%               | --            |
| <i>NCREIF Property Index</i>    |                     | <u>0.00%</u>  | <u>0.00%</u>        | <u>5.75%</u>  |
| Excess Return                   |                     | 0.00%         | 0.00%               |               |
| BlackRock US Real Estate        | \$13,855,200        | -3.53%        | 6.72%               | 14.87%        |
| <i>DJ US Select RESI TR USD</i> |                     | <u>-3.54%</u> | <u>6.74%</u>        | <u>14.92%</u> |
| Excess Return                   |                     | 0.01%         | -0.02%              | -0.05%        |
| Greenfield Gap                  | \$10,612,911        | 0.00%         | 0.78%               | --            |
| <i>NCREIF ODCE +1%</i>          |                     | <u>0.08%</u>  | <u>0.08%</u>        | <u>7.19%</u>  |
| Excess Return                   |                     | -0.08%        | 0.70%               |               |
| <b>Direct Lending</b>           | <b>\$97,110,455</b> | <b>0.72%</b>  | <b>-0.70%</b>       | <b>3.10%</b>  |
| <i>9% Annual</i>                |                     | <u>0.72%</u>  | <u>0.72%</u>        | <u>5.91%</u>  |
| Excess Return                   |                     | 0.00%         | -1.42%              | -2.81%        |
| Medley Capital                  | \$31,752,243        | 1.87%         | 0.00%               | 3.85%         |
| Raven Capital                   | \$30,465,465        | 0.32%         | 0.31%               | 4.31%         |
| White Oak Pinnacle              | \$34,892,748        | 0.00%         | -2.34%              | 2.62%         |
| 12th Street Building            | \$2,500,000         | 0.00%         | 0.00%               | 0.00%         |
| Cash Account                    | \$2,589             | 0.00%         | 0.00%               | 0.03%         |

STANCERA  
Price Monitor Position Report

BlackRock  
Passive Large Cap Growth Manager  
Positions as of February 28, 2015

| Company                | Symbol | # Shares | \$ Value<br>Position | Weight<br>Manager | Weight<br>StanCERA | 2/27/2015<br>\$ PX   | 3/13/2015<br>\$ PX | Position<br>% Change | Relative<br>% Change |
|------------------------|--------|----------|----------------------|-------------------|--------------------|----------------------|--------------------|----------------------|----------------------|
| Apple Inc.             | AAPL   | 59,871   | \$7,691,050          | 6.83%             | 0.42%              | 128.46               | 123.59             | -3.79%               | -1.69%               |
| Microsoft Corp.        | MSFT   | 51,617   | \$2,263,398          | 2.01%             | 0.12%              | 43.85                | 41.38              | -5.63%               | -3.53%               |
| Verizon Communications | VZ     | 42,128   | \$2,083,227          | 1.85%             | 0.11%              | 49.45                | 48.84              | -1.23%               | 0.87%                |
| Coca-Cola Co.          | KO     | 37,709   | \$1,632,800          | 1.45%             | 0.09%              | 43.30                | 39.91              | -7.83%               | -5.73%               |
| Home Depot Inc         | HD     | 14,131   | \$1,621,539          | 1.44%             | 0.09%              | 114.75               | 114.82             | 0.06%                | 2.16%                |
| Google Inc. - Class A  | GOOG   | 2,884    | \$1,610,278          | 1.43%             | 0.09%              | 558.40               | 547.32             | -1.98%               | 0.12%                |
| Google Inc. - Class C  | GOOGL  | 2,862    | \$1,610,278          | 1.43%             | 0.09%              | 562.63               | 553.00             | -1.71%               | 0.39%                |
| Walt Disney            | DIS    | 15,255   | \$1,587,757          | 1.41%             | 0.09%              | 104.08               | 106.44             | 2.27%                | 4.37%                |
| Gilead Sciences        | SLB    | 18,866   | \$1,587,757          | 1.41%             | 0.09%              | 84.16                | 80.42              | -4.44%               | -2.34%               |
| Facebook Inc.          | FB     | 19,963   | \$1,576,496          | 1.40%             | 0.09%              | 78.97                | 78.05              | -1.16%               | 0.94%                |
| TOP TEN HOLDINGS       |        |          | \$23,264,582         | 20.66%            | 1.27%              | Russell 1000 Growth: |                    | <b>-2.10%</b>        |                      |

Total Portfolio Value  
Total StanCERA Value

**\$112,606,884**  
\$1,834,568,751

STANCERA  
Price Monitor Position Report

BlackRock  
Passive Large Cap Value Manager  
Positions as of February 28, 2015

| Company                | Symbol | # Shares | \$ Value<br>Position | Weight<br>Manager | Weight<br>StanCERA | 2/27/2015<br>\$ PX | 3/13/2015<br>\$ PX | Position<br>% Change | Relative<br>% Change |
|------------------------|--------|----------|----------------------|-------------------|--------------------|--------------------|--------------------|----------------------|----------------------|
| EXXON MOBIL CORP       | XOM    | 50,038   | \$4,430,328          | 3.54%             | 0.24%              | 88.54              | 83.87              | -5.27%               | -3.09%               |
| BERKSHIRE HATHAWAY INC | BRK-B  | 22,074   | \$3,253,914          | 2.60%             | 0.18%              | 147.41             | 143.97             | -2.33%               | -0.14%               |
| WELLS FARGO & CO       | WFC    | 59,160   | \$3,241,399          | 2.59%             | 0.18%              | 54.79              | 55.34              | 1.00%                | 3.19%                |
| GENERAL ELECTRIC CO    | GE     | 119,420  | \$3,103,733          | 2.48%             | 0.17%              | 25.99              | 25.04              | -3.66%               | -1.47%               |
| JOHNSON & JOHNSON      | JNJ    | 28,690   | \$2,941,037          | 2.35%             | 0.16%              | 102.51             | 99.21              | -3.22%               | -1.03%               |
| JPMORGAN CHASE & CO    | JPM    | 46,564   | \$2,853,432          | 2.28%             | 0.16%              | 61.28              | 61.00              | -0.46%               | 1.73%                |
| PFIZER INC             | PFE    | 78,037   | \$2,678,221          | 2.14%             | 0.15%              | 34.32              | 34.00              | -0.93%               | 1.26%                |
| PROCTER & GAMBLE CO    | PG     | 30,578   | \$2,603,131          | 2.08%             | 0.14%              | 85.13              | 81.83              | -3.88%               | -1.69%               |
| CHEVRON CORP           | CVX    | 22,407   | \$2,390,375          | 1.91%             | 0.13%              | 106.68             | 101.62             | -4.74%               | -2.55%               |
| AT&T CORP              | T      | 60,475   | \$2,090,014          | 1.67%             | 0.11%              | 34.56              | 32.76              | -5.21%               | -3.02%               |
| TOP TEN HOLDINGS       |        |          | \$29,585,583         | 23.64%            | 1.61%              | Russell 1000 Value |                    | <b>-2.19%</b>        |                      |

Total Portfolio Value  
Total StanCERA Value

**\$125,150,522**  
\$1,834,568,751

STANCERA  
Price Monitor Position Report

BNY - S&P 500 Index  
Passive S&P 500 Index Fund  
Positions as of February 28, 2015

| Company                 | Symbol | # Shares | \$ Value<br>Position | Weight<br>Manager | Weight<br>StanCERA | 2/27/2015<br>\$ PX | 3/13/2015<br>\$ PX | Position<br>% Change | Relative<br>% Change |
|-------------------------|--------|----------|----------------------|-------------------|--------------------|--------------------|--------------------|----------------------|----------------------|
| Apple Inc.              | AAPL   | 32,418   | \$4,164,420          | 3.97%             | 0.23%              | 128.46             | 123.59             | -3.79%               | -1.46%               |
| Exxon Mobil Corp        | XOM    | 22,984   | \$2,035,006          | 1.94%             | 0.11%              | 88.54              | 83.87              | -5.27%               | -2.95%               |
| Microsoft Corp          | MSFT   | 44,495   | \$1,951,089          | 1.86%             | 0.11%              | 43.85              | 41.38              | -5.63%               | -3.30%               |
| Johnson & Johnson       | JNJ    | 15,656   | \$1,604,928          | 1.53%             | 0.09%              | 102.51             | 99.21              | -3.22%               | -0.89%               |
| Berkshire Hathaway Inc. | BRK-B  | 10,247   | \$1,510,520          | 1.44%             | 0.08%              | 147.41             | 143.97             | -2.33%               | -0.01%               |
| Wells Fargo & Co.       | WFC    | 27,378   | \$1,500,031          | 1.43%             | 0.08%              | 54.79              | 55.34              | 1.00%                | 3.33%                |
| General Electric Co     | GE     | 56,101   | \$1,458,072          | 1.39%             | 0.08%              | 25.99              | 25.04              | -3.66%               | -1.33%               |
| JPMorgan Chase & Co.    | JPM    | 21,397   | \$1,311,216          | 1.25%             | 0.07%              | 61.28              | 61.00              | -0.46%               | 1.87%                |
| Procter & Gamble        | PG     | 15,033   | \$1,279,746          | 1.22%             | 0.07%              | 85.13              | 81.83              | -3.88%               | -1.55%               |
| Pfizer Inc.             | PFE    | 36,066   | \$1,237,787          | 1.18%             | 0.07%              | 34.32              | 34.00              | -0.93%               | 1.40%                |
| TOP TEN HOLDINGS        |        |          | \$18,052,815         | 17.21%            | 0.98%              | S&P 500 Index:     |                    | <b>-2.33%</b>        |                      |

Total Portfolio Value  
Total StanCERA Value

**\$104,897,241**  
\$1,834,568,751

STANCERA  
Price Monitor Position Report

Dodge & Cox Equity  
Active US Large Cap Value Manager  
Positions as of February 28, 2015

| Company                      | Symbol | # Shares | \$ Value<br>Position | Weight<br>Manager | Weight<br>StanCERA | Weight<br>R1000G | 2/27/2015<br>\$ PX   | 3/13/2015<br>\$ PX | Position<br>% Change | Relative<br>% Change |
|------------------------------|--------|----------|----------------------|-------------------|--------------------|------------------|----------------------|--------------------|----------------------|----------------------|
| WELLS FARGO & CO             | WFC    | 138,072  | \$7,564,964          | 4.14%             | 0.41%              | 2.50%            | 54.79                | 55.34              | 1.00%                | 3.11%                |
| CAPITAL ONE FINANCIAL CORP   | COF    | 90,000   | \$7,083,900          | 3.99%             | 0.39%              | 0.40%            | 78.71                | 80.00              | 1.64%                | 3.74%                |
| MICROSOFT CORP               | MSFT   | 160,000  | \$7,016,000          | 3.86%             | 0.38%              | 1.20%            | 43.85                | 41.38              | -5.63%               | -3.53%               |
| NOVARTIS AG-SPONSORED ADR    | NVS    | 66,500   | \$6,809,600          | 3.79%             | 0.37%              | 0.00%            | 102.40               | 97.04              | -5.23%               | -3.13%               |
| HEWLETT-PACKARD CO           | HPQ    | 194,005  | \$6,759,134          | 3.25%             | 0.37%              | 0.60%            | 34.84                | 32.43              | -6.92%               | -4.82%               |
| TIME WARNER INC              | TWX    | 72,032   | \$5,896,539          | 3.21%             | 0.32%              | 0.70%            | 81.86                | 84.09              | 2.72%                | 4.83%                |
| TIME WARNER CABLE            | TWC    | 35,068   | \$5,402,225          | 2.92%             | 0.29%              | 0.00%            | 154.05               | 154.97             | 0.60%                | 2.70%                |
| SCHWAB (CHARLES) CORP        | SCHW   | 175,000  | \$5,134,500          | 2.84%             | 0.28%              | 0.30%            | 29.34                | 30.34              | 3.41%                | 5.51%                |
| COMCAST CORP-CLASS A         | CMCSA  | 84,063   | \$4,991,660          | 2.78%             | 0.27%              | 0.10%            | 59.38                | 59.05              | -0.56%               | 1.55%                |
| BANK OF NEW YORK MELLON CORP | BK     | 125,000  | \$4,892,500          | 2.72%             | 0.27%              | 0.40%            | 39.14                | 40.94              | 4.60%                | 6.70%                |
| TOP TEN HOLDINGS             |        |          | \$61,551,022         | 33.50%            | 3.36%              | 6.20%            | Russell 1000 Growth: |                    | <b>-2.10%</b>        |                      |

Total Portfolio Value  
Total StanCERA Value

**\$184,699,028**  
\$1,834,568,751

STANCERA  
Price Monitor Position Report

Jackson Square Partners  
Active Large Cap Growth Portfolio  
Positions as of February 28, 2015

| Company                                 | Symbol | # Shares | \$ Value<br>Position | Weight<br>Manager | Weight<br>StanCERA | Weight<br>R1000G | 2/27/2015<br>\$ PX   | 3/13/2015<br>\$ PX | Position<br>% Change | Relative<br>% Change |
|---|--------|----------|----------------------|-------------------|--------------------|------------------|----------------------|--------------------|----------------------|----------------------|
| Celgene Corporation                     | CELG   | 81,550   | \$9,910,772          | 5.84%             | 0.54%              | 0.87%            | 121.53               | 117.73             | -3.13%               | -1.03%               |
| Allergan, Inc.                          | AGN    | 40,188   | \$9,353,355          | 5.51%             | 0.51%              | 0.62%            | 232.74               | 237.34             | 1.98%                | 4.08%                |
| Visa Inc. Class A                       | V      | 32,150   | \$8,722,617          | 5.14%             | 0.48%              | 1.22%            | 271.31               | 265.03             | -2.31%               | -0.21%               |
| Walgreens Boots Alliance Inc            | WBA    | 100,186  | \$8,323,453          | 4.90%             | 0.45%              | 0.53%            | 83.08                | 83.72              | 0.77%                | 2.87%                |
| QUALCOMM Incorporated                   | QCOM   | 109,075  | \$7,909,028          | 4.66%             | 0.43%              | 1.10%            | 72.51                | 68.64              | -5.34%               | -3.24%               |
| eBay Inc.                               | EBAY   | 136,350  | \$7,896,029          | 4.65%             | 0.43%              | 0.66%            | 57.91                | 59.07              | 2.00%                | 4.10%                |
| Microsoft Corporation                   | MSFT   | 171,575  | \$7,523,564          | 4.43%             | 0.41%              | 2.10%            | 43.85                | 41.38              | -5.63%               | -3.53%               |
| MasterCard Incorporated Class A         | MA     | 83,400   | \$7,516,842          | 4.43%             | 0.41%              | 0.81%            | 90.13                | 87.75              | -2.64%               | -0.54%               |
| Liberty Interactive Corporation Class A | QVCA   | 229,800  | \$6,785,994          | 4.00%             | 0.37%              | 0.06%            | 29.53                | 28.57              | -3.25%               | -1.15%               |
| Crown Castle International Corp         | CCI    | 78,225   | \$6,751,600          | 3.98%             | 0.37%              | 0.26%            | 86.31                | 84.91              | -1.62%               | 0.48%                |
| TOP TEN HOLDINGS                        |        |          | \$80,693,252         | 47.54%            | 4.40%              | 8.23%            | Russell 1000 Growth: |                    | <b>-2.10%</b>        |                      |

Total Portfolio Value  
Total StanCERA Value

**\$169,720,305**  
\$1,834,568,751



STANCERA  
Price Monitor Position Report

Capital Prospects  
Active US Small Cap Value Manager  
Positions as of February 28, 2015

| Company                | Symbol | # Shares | \$ Value<br>Position | Weight<br>Manager | Weight<br>StanCERA | Weight<br>R2000V | 2/27/2015<br>\$ PX  | 3/13/2015<br>\$ PX | Position<br>% Change | Relative<br>% Change |
|------------------------|--------|----------|----------------------|-------------------|--------------------|------------------|---------------------|--------------------|----------------------|----------------------|
| Hillenbrand, Inc       | HI     | 48,818   | \$1,547,528          | 1.54%             | 0.08%              | 0.11%            | 31.70               | 29.89              | -5.71%               | -5.45%               |
| Regal Beloit Corp      | RBC    | 16,245   | \$1,266,159          | 1.26%             | 0.07%              | 0.00%            | 77.94               | 76.65              | -1.66%               | -1.40%               |
| Littelfuse, Inc        | LFUS   | 12,020   | \$1,205,866          | 1.20%             | 0.07%              | 0.13%            | 100.32              | 96.02              | -4.29%               | -4.03%               |
| MB Financial, Inc      | MBFI   | 34,796   | \$1,085,279          | 1.08%             | 0.06%              | 0.12%            | 31.19               | 31.68              | 1.57%                | 1.83%                |
| Cinemark Holdings, Inc | CNK    | 23,938   | \$974,741            | 0.97%             | 0.05%              | 0.00%            | 40.72               | 41.73              | 2.48%                | 2.74%                |
| Amern Equity           | AEL    | 34,213   | \$974,741            | 0.97%             | 0.05%              | 0.00%            | 28.49               | 28.92              | 1.51%                | 1.76%                |
| Steelcase Inc          | SCS    | 51,533   | \$964,693            | 0.96%             | 0.05%              | 0.00%            | 18.72               | 18.19              | -2.83%               | -2.58%               |
| Verint Systems Inc     | VRNT   | 15,516   | \$944,595            | 0.94%             | 0.05%              | 0.20%            | 60.88               | 59.02              | -3.06%               | -2.80%               |
| First AM               | FAF    | 25,818   | \$904,399            | 0.90%             | 0.05%              | 0.21%            | 35.03               | 35.30              | 0.77%                | 1.03%                |
| Iberiabank Corp        | IBKC   | 14,328   | \$904,399            | 0.90%             | 0.05%              | 0.11%            | 63.12               | 64.15              | 1.63%                | 1.89%                |
| TOP TEN HOLDINGS       |        |          | \$10,772,400         | 10.72%            | 0.59%              | 0.88%            | Russell 2000 Value: |                    | <b>-0.26%</b>        |                      |

Total Portfolio Value  
Total StanCERA Value

**\$100,488,807**  
\$1,834,568,751

STANCERA  
Price Monitor Position Report

Legato Capital Management  
Active US Small Cap Growth Manager  
Positions as of February 28, 2015

| Company                         | Symbol | # Shares | \$ Value<br>Position | Weight<br>Manager | Weight<br>StanCERA | Weight<br>R2000G | 2/27/2015<br>\$ PX   | 3/13/2015<br>\$ PX | Position<br>% Change | Relative<br>% Change |
|---------------------------------|--------|----------|----------------------|-------------------|--------------------|------------------|----------------------|--------------------|----------------------|----------------------|
| Constant Contact, Inc.          | CTCT   | 47,361   | \$1,957,430          | 2.09%             | 0.11%              | 0.14%            | 41.33                | 38.24              | -7.48%               | -7.78%               |
| iShares Russell 2000 Growth ETF | IWO    | 12,181   | \$1,816,796          | 1.94%             | 0.10%              | 0.00%            | 149.15               | 149.60             | 0.30%                | 0.00%                |
| AmSurg Corp.                    | AMSG   | 29,979   | \$1,801,738          | 1.92%             | 0.10%              | 0.06%            | 60.10                | 62.05              | 3.24%                | 2.94%                |
| Synchronoss Technologies, Inc.  | SNCR   | 39,958   | \$1,768,541          | 1.88%             | 0.10%              | 0.17%            | 44.26                | 46.26              | 4.52%                | 4.22%                |
| Akorn, Inc.                     | AKRX   | 26,533   | \$1,427,741          | 1.52%             | 0.08%              | 0.37%            | 53.81                | 41.28              | -23.29%              | -23.59%              |
| LifeLock, Inc.                  | LOCK   | 87,686   | \$1,225,850          | 1.31%             | 0.07%              | 0.12%            | 13.98                | 13.44              | -3.86%               | -4.16%               |
| Cardtronics, Inc.               | CATM   | 33,026   | \$1,208,421          | 1.29%             | 0.07%              | 0.18%            | 36.59                | 37.10              | 1.39%                | 1.09%                |
| Shutterfly, Inc.                | SFLY   | 24,995   | \$1,200,010          | 1.28%             | 0.07%              | 0.12%            | 48.01                | 47.74              | -0.56%               | -0.86%               |
| Advisory Board Company          | ABCO   | 19,958   | \$1,080,127          | 1.15%             | 0.06%              | 0.25%            | 54.12                | 53.21              | -1.68%               | -1.98%               |
| Stamps.com Inc.                 | STMP   | 19,039   | \$1,067,326          | 1.14%             | 0.06%              | 0.08%            | 56.06                | 56.52              | 0.82%                | 0.52%                |
| TOP TEN HOLDINGS                |        |          | \$14,553,981         | 15.51%            | 0.79%              | 1.49%            | Russell 2000 Growth: |                    | <b>0.30%</b>         |                      |

Total Portfolio Value  
Total StanCERA Value

**\$93,838,355**  
\$1,834,568,751

STANCERA  
Price Monitor Position Report

LSV Asset Management  
International Large Cap Value  
Positions as of February 28, 2015

| Company                      | Symbol | Market    | # Shares | \$ Value<br>Position | Weight<br>Manager | Weight<br>StanCERA | Weight<br>ACWI xUS | 2/27/2015<br>\$ PX* | 3/13/2015<br>\$ PX* | Position<br>% Change | Relative<br>% Change |
|------------------------------|--------|-----------|----------|----------------------|-------------------|--------------------|--------------------|---------------------|---------------------|----------------------|----------------------|
| ROYAL DUTCH SHELL            | RDS    | London    | 17,258   | \$3,156,488          | 2.01%             | 0.17%              | 1.16%              | 182.90              | 182.00              | -0.49%               | 3.24%                |
| MAGNA INTERNATIONAL INC      | MGA    | Canada    | 26,951   | \$2,936,633          | 1.87%             | 0.16%              | 0.12%              | 108.96              | 103.51              | -5.00%               | -1.27%               |
| ALLIANZ SE                   | ALV.DE | Germany   | 15,536   | \$2,324,180          | 1.48%             | 0.13%              | 0.42%              | 149.60              | 155.50              | 3.94%                | 7.68%                |
| DAIMLER AG                   | DAI.DE | Germany   | 26,321   | \$2,277,068          | 1.45%             | 0.12%              | 0.51%              | 86.51               | 93.10               | 7.62%                | 11.35%               |
| OLD MUTUAL PLC               | OML.L  | London    | 9,069    | \$2,041,510          | 1.30%             | 0.11%              | 0.09%              | 225.10              | 222.40              | -1.20%               | 2.54%                |
| SWISS RE LTD                 | SSREY  | Germany   | 21,627   | \$1,994,398          | 1.27%             | 0.11%              | 0.18%              | 92.22               | 91.45               | -0.83%               | 2.90%                |
| SANOFI S.A.                  | SNY    | London    | 40,176   | \$1,962,990          | 1.25%             | 0.11%              | 0.64%              | 48.86               | 47.07               | -3.66%               | 0.07%                |
| BANK OF CHINA LTD-H          | BACHY  | China     | 135,511  | \$1,947,286          | 1.24%             | 0.11%              | 0.25%              | 14.37               | 13.91               | -3.20%               | 0.53%                |
| MACQUARIE GROUP LIMITED      | MIC    | Australia | 24,172   | \$1,900,174          | 1.21%             | 0.10%              | 0.09%              | 78.61               | 80.73               | 2.70%                | 6.43%                |
| CHINA PETROLEUM & CHEMICAL-H | SNP    | Hong Kong | 22,520   | \$1,884,470          | 1.20%             | 0.10%              | 0.12%              | 83.68               | 78.67               | -5.99%               | -2.25%               |
| TOP TEN HOLDINGS             |        |           |          | \$22,425,199         | 14.28%            | 1.22%              | 3.58%              | MSCI ACWI ex-U.S.   |                     | <b>-3.73%</b>        |                      |

Total Portfolio Value  
Total StanCERA Value

|                      |
|----------------------|
| <b>\$157,039,206</b> |
|----------------------|

\$1,834,568,751

\*Company quotes are provided directly in USD

STANCERA  
Price Monitor Position Report

Pyramis Global Advisors  
Active Non-US Growth Manager  
Positions as of February 28, 2015

| Company                        | Ticker  | Symbol  | Market      | # Shares  | \$ Value<br>Position | Weight<br>Manager | Weight<br>StanCERA | Weight<br>ACWI xUS | 2/27/2015<br>PX* | 3/13/2015<br>PX* | Position<br>% Change | Relative<br>% Change |
|--------------------------------|---------|---------|-------------|-----------|----------------------|-------------------|--------------------|--------------------|------------------|------------------|----------------------|----------------------|
| NESTLE SA (REG)                | NESN.VX | 7123870 | Switzerland | 34,091    | \$2,577,725          | 1.61%             | 0.14%              | 1.33%              | 74.40            | 75.45            | 1.41%                | 5.15%                |
| ROYAL DUTCH SHELL PLC CL A(NL) | RDSA.AS | B09CBL4 | Amsterdam   | 62,708    | \$2,291,245          | 1.43%             | 0.12%              | 1.15%              | 29.26            | 27.06            | -7.52%               | -3.78%               |
| HSBC HOLDINGS PLC (UK REG)     | HSBA.L  | 540528  | London      | 194,885   | \$2,056,588          | 1.28%             | 0.11%              | 1.08%              | 577.30           | 561.30           | -2.77%               | 0.96%                |
| BAYER AG                       | RHHBY   | 5069211 | Germany     | 13,439    | \$1,909,955          | 1.19%             | 0.10%              | 0.64%              | 34.13            | 32.92            | -3.55%               | 0.19%                |
| SANOFI                         | SNY     | 5671735 | Paris       | 18,258    | \$1,899,599          | 1.18%             | 0.10%              | 0.68%              | 48.86            | 47.07            | -3.66%               | 0.07%                |
| LLOYDS BANKING GROUP PLC       | LLDTF   | 870612  | London      | 1,343,489 | \$1,858,151          | 1.16%             | 0.10%              | 0.38%              | 1.22             | 1.16             | -4.92%               | -1.18%               |
| UBS AG (REGD)                  | UBS     | B18YFJ4 | London      | 83,498    | \$1,788,837          | 1.11%             | 0.10%              | 0.43%              | 17.49            | 17.60            | 0.63%                | 4.36%                |
| ALLIANZ SE (REGD)              | ALV.DE  | 5231485 | Germany     | 9,452     | \$1,693,185          | 1.06%             | 0.09%              | 0.45%              | 149.60           | 155.50           | 3.94%                | 7.68%                |
| TOYOTA MOTOR CORP              | TM      | 6900643 | Tokyo       | 29,500    | \$1,687,655          | 1.05%             | 0.09%              | 0.86%              | 135.37           | 136.17           | 0.59%                | 4.33%                |
| GLAXOSMITHKLINE PLC            | GSK.L   | 925288  | London      | 55,773    | \$1,562,304          | 0.97%             | 0.09%              | 0.75%              | 1541.50          | 1560.00          | 1.20%                | 4.93%                |
| TOP TEN HOLDINGS               |         |         |             |           | \$19,325,244         | 12.04%            | 1.05%              | 7.75%              | MSCI ACWI ex-US: |                  | <b>-3.73%</b>        |                      |

Total Portfolio Value  
Total StanCERA Value

|                      |
|----------------------|
| <b>\$160,468,271</b> |
|----------------------|

\$1,834,568,751

\*Company quotes are provided in foreign currency and then converted to USD