



**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

**May 26, 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 April 28, 2015 Meeting Minutes [View](#)

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

1. Low, Lawrence – DCSS – Effective 05-15-2015
2. Millard, Deborah – CSA – Effective 05-02-2015
3. Nelson, Diane – DA – Effective 05-02-2015
4. Tehero, Donna – CSA – Effective 05-09-2015

*\* Indicates Safety Personnel*

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

1. Bagri, Kamaljit – Ag Commissioner – Effective 03-21-2015
2. Baker, John H. – DA – Effective 04-18-2015
3. Brock, Jason – City of Ceres – Effective 03-15-2015
4. Egger, Nicholas – BHRS – Effective 04-04-2015
5. Engert, Crystal – Planning & Community Development – Effective 04-25-2015
6. Erickson, Nathaniel – Env Resources – Effective 05-09-2015
7. Hackett, Marvin – Clerk/Recorder – Effective 04-15-2015
8. Hooper, Vincent – Sheriff – Effective 04-18-2015 \*
9. Keys, Katy – Probation – Effective 04-01-2015 \*
10. Leal, Gustavo – CSA – Effective 04-04-2015
11. Lema, Melanie – DCSS – Effective 05-01-2015
12. Medina, Patricia – HSA – Effective 03/21/2015
13. Scheffler, William – Env Resources – Effective 03-20-2015

*\* Indicates Safety Personnel*

6. Annual Performance Report Medley Opportunity Fund II, LP [View](#)

7. Executive Director

- a. 2015 Quarter 1 Value Added and Cash Flow Report [View](#)
- b. Monthly Staff Report [View](#)

8. Committee Reports and Recommendations for Action  
Standing Committees

- a. Due Diligence Committee
  1. StanCERA Investment Manager Onsite Visits Update [View](#)

9. Strategic Investment Solutions (SIS), Inc.

- a. Investment Performance Analysis for the Quarter Ending March 31, 2015 [View](#)
- b. StanCERA Investment Managers Peer Rankings for Quarter Ending March 31, 2015 [View](#)

9. Strategic Investment Solutions (SIS), Inc. (cont.)
  - c. StanCERA Investment Managers Review List for Quarter Ending March 31, 2015 [View](#)
  - d. Monthly Flash Report for the Month Ending April 30, 2015 [View](#)
  - e. Report on “Top 10 Holdings” of StanCERA Investment Managers as of April 30, 2015 [View](#)
10. Closed Session
  - a. Discussion and Action on the Application for a Service-Connected Disability Retirement by StanCERA Member Dennis Perry Jr.  
Government Code Sections 31532 and 54956.9
  - 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)
11. Members’ Forum (Information and Future Agenda Requests Only)
12. Adjournment



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**BOARD OF RETIREMENT MINUTES**

**April 28, 2015**

**Trustees Present:** Maria DeAnda, Donna Riley, Gordon Ford,  
Mike Lynch, Jim DeMartini, Michael O'Neal

**Trustees Absent:** Jeff Grover and Jason Gordo

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

**Staff Present:** Rick Santos, Executive Director  
Kathy Herman, Fiscal Services Manager  
Dawn Lea, Benefits Manager  
Kellie Gomes, Executive Board Secretary

**Others Present:** Fred Silva, General Legal Counsel  
Nathan Pratt, Strategic Investment Solutions  
John Meier, Strategic Investment Solutions

1. Meeting Called to Order

Meeting called to order at 2:01p.m. by Trustee DeAnda, Chair

2. Roll Call

3. Announcements

None

4. Public Comment

None

5. Consent Items

- a. Approval of the March 24, 2015 Meeting Minutes
- b. Approval of the April 8, 2015 Meeting Minutes

Motion was made by Trustee Riley and seconded by Trustee O'Neal to approve consent items as presented.

Motion carried unanimously

6. Annual Performance Report PIMCO

a. Value Added Report

7. Executive Director

a. Discussion and Action Regarding Information Technology Solutions

An Ad Hoc Committee comprised of Trustee O'Neal, Trustee De Annda was established to assist and guide staff through the implementation of multiple technology solutions.

Board requested to hear Items and motion on items 7.d and 7.b out of order.

b. Discussion and Action Regarding Direct Lending Asset Class (Item heard in order and vote postponed after 7.d was heard.)

Motion was made by Trustee Riley and seconded by Trustee DeMartini to accept staff recommendation to commit \$15,000,000 to the Raven III Fund and wait until the asset liability study in the fall before deciding on whether to continue to fund this asset class.

Roll call vote passed 4/2.

Trustee Ford	No
Trustee DeAnda	Yes
Trustee Riley	Yes
Trustee Lynch	No
Trustee DeMartini	Yes
Trustee O'Neal	Yes

c. Discussion and Action Regarding Financial Auditor Services

Motion was made by Trustee O'Neal and seconded by Trustee Riley to accept the Evaluation Team's recommendation to retain Brown Armstrong for financial auditor services.

Motion was made by Trustee Riley and Seconded by Trustee O'Neal to authorize the Executive Director to sign all documents and enter into a three year agreement with an option to extend for another three years.

d. Discussion and Action Regarding Portfolio Rebalancing

1. Strategic Investment Solutions Memo

Motion was made by Trustee De Martini and seconded by Trustee Riley to approve the recommendation as stated by Consultants, John Meier and Nathan Pratt, to reduce US Equity by \$40 million, \$7 million from Legato, \$13 million from Capital Prospects and \$20 million from Mellon Capital and increase International Equity by \$40 million, \$22 million to LSV and \$18 million to Pyramis.

d. Discussion and Action Regarding Portfolio Rebalancing (cont.)

Roll call vote passed 4/2

Trustee Ford	No
Trustee DeAnda	Yes
Trustee Riley	Yes
Trustee Lynch	No
Trustee DeMartini	Yes
Trustee O'Neal	Yes

8. Strategic Investment Solutions (SIS), Inc.

Nate Pratt and John Meier presented March 31 2015, reports on StanCERA's investments.

a. Monthly Flash Report for the Month Ending March 31, 2015

Monthly Performance:	-0.38%
Active Return:	0.00%
Fiscal YTD Return:	3.54%
Total Fund Value as of 3/31/2015:	\$1,825,620,100

b. Report on "Top 10 Holdings" of StanCERA Investment Managers as of March 31, 2015.

9. Closed Session

- a. 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  
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Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate  
District, Case No. H038894  
Government Code Section 54956.9(d)(1)

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

None

11. Adjournment

Meeting adjourned at 4:23 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Rick Santos".

Rick Santos, Executive Director

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

By:   
Fred A. Silva, General Legal Counsel

## Medley Opportunity Fund II LP

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Overview Presentation

Presented to: Stanislaus County Employees' Retirement Association

Tuesday, May 26, 2015





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THE PERFORMANCE DATA SET FORTH IN THIS DOCUMENT HAS BEEN COMPUTED BY MEDLEY AND IS UNAUDITED.

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## Fund Overview

### Medley Update

- Over 80 professionals based in New York and San Francisco
- \$3.7 billion of investable capital

### MOF II Fund Summary

- Committed Capital \$581.0M
- Drawn Capital<sup>1</sup> \$561.2M (96.6%)
- Investments 54
- Realizations<sup>1</sup> 17
- Realized Capital<sup>1</sup> \$304.4M (52.4%)

### Current Portfolio Summary

- 35 investments and 2 remaining equity participations
- 70.3% first lien senior secured loans (65.6% floating rate)
- 8.0% net investment return (including J curve effect)<sup>2</sup>
- Gross IRR of 21.5% and 1.3x MOI on realizations
- 4.0x weighted average leverage through MOF II debt
- 3.8 years weighted average remaining life
- \$15.7M average investment size

Note: All statistics / metrics as of December 31, 2014, unless otherwise noted.

1. As of April 30, 2015.

2. Please refer to Appendix A for important disclosures pertaining to historical investment performance.

## Realized Investments

- Since inception, MOF II realized \$304.4M or 52.4% of committed capital across 17 investments<sup>1</sup>
- Gross IRR of 21.5% and 1.3x MOI on realizations

Borrower	Loan Type	Capital Invested	Capital Realized <sup>5</sup>	Gross IRR <sup>5</sup>	Gross MOI
1 Javlin Three LLC <sup>2</sup>	Senior - First Lien	\$ 25,000,000	\$ 34,784,430	28.7%	1.4x
2 American Web Loan Holdings	Senior - First Lien	20,630,000	33,853,252	26.1%	1.6x
3 The Legacy Companies	Senior - First Lien	22,000,000	30,773,398	18.7%	1.4x
4 Javlin One LLC <sup>2</sup>	Senior - Second Lien	20,000,000	29,783,400	19.6%	1.5x
5 AUL Corporation	Senior - Second Lien	16,000,000	22,459,149	18.0%	1.3x
6 Gulf Coast Asphalt Company, LLC	Senior - Second Lien	18,437,500	21,759,735	29.9%	1.2x
7 Home Market Foods, Inc.	Senior - Second Lien	15,000,000	19,714,335	16.6%	1.3x
8 Cenegenics, LLC	Senior - First Lien	16,000,000	19,569,331	17.8%	1.2x
9 SAExploration, Inc.	Senior - First Lien	13,875,000	18,774,096	22.1%	1.3x
10 Astral Brands, Inc.	Senior - First Lien	13,950,000	18,064,684	14.8%	1.3x
11 Dream Finders Homes, LLC	Senior - Second Lien	12,500,000	13,602,392	12.8%	1.1x
12 SCN Holdco, Inc.	Senior - Second Lien	10,000,000	12,300,178	21.5%	1.2x
13 NCM Group Holdings, LLC	Senior - First Lien	8,820,667	10,346,520	29.1%	1.2x
14 Tenere Acquisition Corp.	Senior - First Lien	6,353,182	6,923,113	24.4%	1.1x
15 Lighting Sciences Group Corporation <sup>3</sup>	Senior - First Lien	5,000,000	5,043,567	11.0%	1.0x
16 Plews, Inc.	Senior - Second Lien	3,543,750	4,378,596	23.9%	1.2x
17 AutosplICE, Inc. <sup>4</sup>	Senior - First Lien	2,156,134	2,264,294	22.3%	1.1x
<b>Total / Weighted Average</b>		<b>\$ 229,266,232</b>	<b>\$ 304,394,469</b>	<b>21.5%</b>	<b>1.3x</b>

1. As of April 30, 2015.

2. Warrants to acquire 16.4% of the equity in Javlin Capital LLC (Holdco) remain outstanding.

3. First lien portion of the investment was realized. MOF II continues to hold Lighting Science's second lien term loan.

4. Bridge loan portion of the investment was realized. MOF II continues to hold AutosplICE's first lien term loan.

5. Includes origination fees.

## Portfolio as of December 31, 2014

- Credit quality of existing portfolio remains stable

Borrower	Loan Type	Amortized Cost	12/31/2014	
			Fair Value	Asset Rating <sup>4</sup>
1 Northern Lights Capital Partners, LLC	Senior - First Lien	\$ 37,600,000	\$ 37,600,000	2
2 Gemcap Lending I, LLC <sup>1</sup>	Senior - Second Lien	30,284,984	33,947,896	2
3 iMedX, Inc. <sup>1</sup>	Senior - First Lien	30,003,186	31,197,914	2
4 AmveStar Capital, LLC	Senior - First Lien	30,000,000	30,000,000	2
5 Timber Trails, LLC <sup>1</sup>	Asset Purchase	20,138,666	27,404,369	2
6 Memorial MRI & Diagnostic, LLC <sup>1</sup>	Senior - First Lien	18,025,772	22,906,030	2
7 Velocity Pooling Vehicle, LLC	Senior - Second Lien	22,169,871	21,937,500	2
8 The Plastics Group, Inc.	Senior - First Lien	21,106,631	21,196,123	2
9 T Residential Holdings, LLC	Senior - Holdco Notes	20,000,000	20,095,000	2
10 Sendero Drilling Company <sup>1</sup>	Senior - First Lien	18,979,647	19,629,428	2
11 Nation Safe Drivers Holdings, Inc.	Senior - Second Lien	17,639,423	17,639,423	2
12 Dream Finders Homes, LLC <sup>1</sup>	Senior - First Lien	14,646,033	17,577,843	1
13 NorthStar Group Services <sup>2</sup>	Subordinate	17,080,000	17,233,720	2
14 Horizon Food Group, Inc.	Senior - First Lien	16,453,576	16,543,038	2
15 Craig Energy Services, LLC <sup>1</sup>	Senior - Second Lien	14,414,584	15,972,232	2
16 Gene Juarez Salons, LLC	Senior - First Lien	15,509,672	15,664,768	2
17 AutosplICE Parent, Inc.	Senior - First Lien	14,817,844	15,000,565	2
18 Capstone Nutrition, Inc. <sup>3</sup>	Senior - First Lien	15,300,000	14,943,620	2
19 Reddy Ice Corporation	Senior - Second Lien	16,000,000	14,933,600	2
20 Lighting Sciences Group Corporation <sup>1</sup>	Senior - First Lien	15,658,563	14,841,645	2
21 JD Norman Industries, Inc.	Senior - First Lien	13,650,000	14,022,918	2
22 The Legacy Companies <sup>1</sup>	Senior - Second Lien	13,000,000	13,824,370	2
23 Lucky Strike Entertainment, LLC	Senior - Second Lien	11,504,472	11,494,118	2
24 Be Green Packaging, LLC <sup>1</sup>	Senior - First Lien	11,753,583	11,240,408	2
25 Javlin Capital, LLC <sup>1</sup>	Penny Warrants	-	10,363,700	2
26 Marine Accessories Corp	Senior - First Lien	9,952,785	10,132,632	2
27 Integrated Commerce, LLC	Senior - First Lien	10,000,000	10,000,000	2
28 OmniVere, LLC	Senior - First Lien	12,500,782	9,911,624	3
29 Modern Video Film, Inc.	Senior - First Lien	30,755,944	8,909,958	5
30 Fifth Season Holding Co., LLC	Senior - First Lien	8,686,590	8,116,175	2
31 Astral Brands, Inc.	Senior - First Lien	6,438,436	6,430,968	1
32 Flagg Creek Townhomes, LLC	Asset Purchase	6,000,000	6,000,000	2
33 Coyne International Enterprises Corp.	Senior - Second Lien	20,617,930	5,094,888	5
34 Untangle, Inc.	Senior - First Lien	4,937,500	4,944,166	2
35 Response Team Holdings LLC <sup>1</sup>	Senior - First Lien	3,650,180	3,751,355	2
36 Green Field Energy Services, Inc.	Senior - First Lien	4,757,514	1,377,950	5
37 SAExploration, Inc.	Common Equity	118,133	46,538	2
<b>Total</b>		<b>\$ 574,152,301</b>	<b>\$ 561,926,484</b>	<b>2</b>

- Potential upside participation via warrants and accrued interest (Paid-In-Kind).
- Borrower formerly known as NCM Group Holdings, LLC.
- Borrower formerly known as Cornerstone Research & Development, Inc.
- Asset Ratings are internal credit ratings that are approved by the Fund's investment committee.
- Rounded to the nearest whole number.

## Portfolio Summary

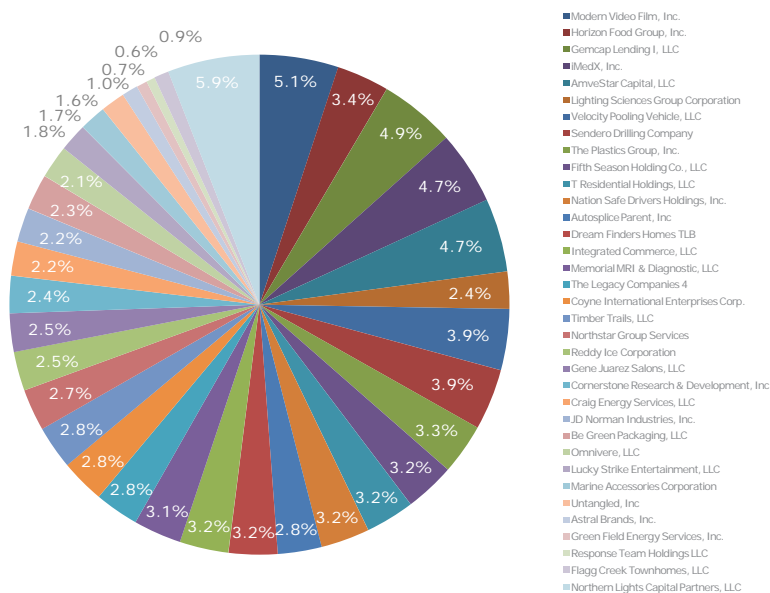
### Assets

Average Transaction Size	\$ 15.7M
Average Remaining Life (Years)	3.8
Unrealized Investments	35
Unrealized Equity Participations via Warrants	2
Realized Investments	17

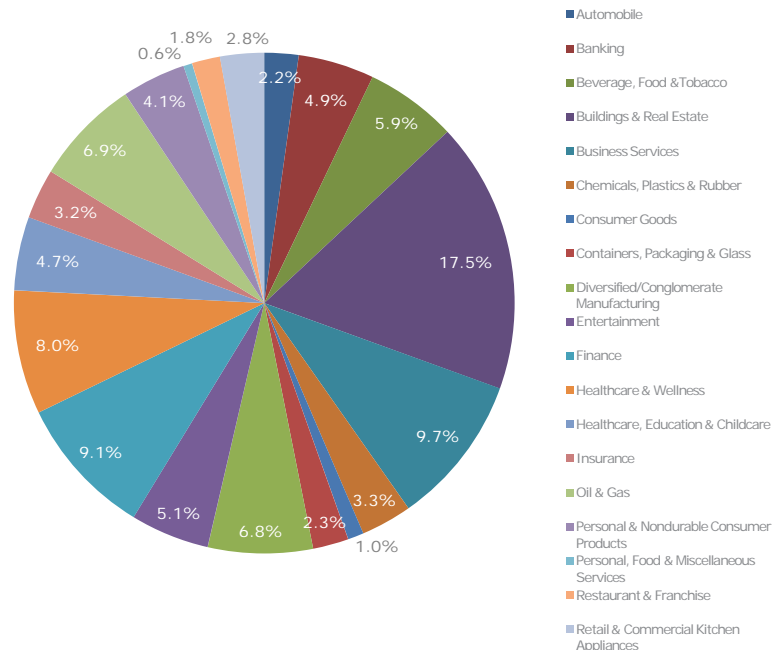
### Credit

Leverage through MOF II Debt	4.0x
LTV through MOF II Debt	62.5%
Floating Rate	65.6%
Fixed Rate	34.4%

### Concentration by Borrower



### Concentration by Sector

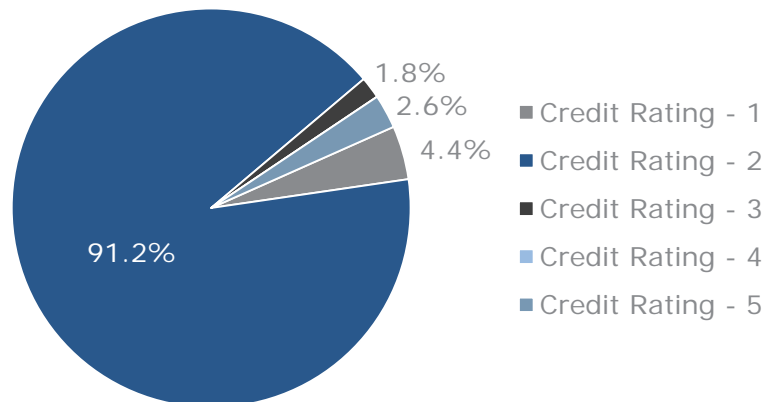


Note: Portfolio summary as of December 31, 2014.

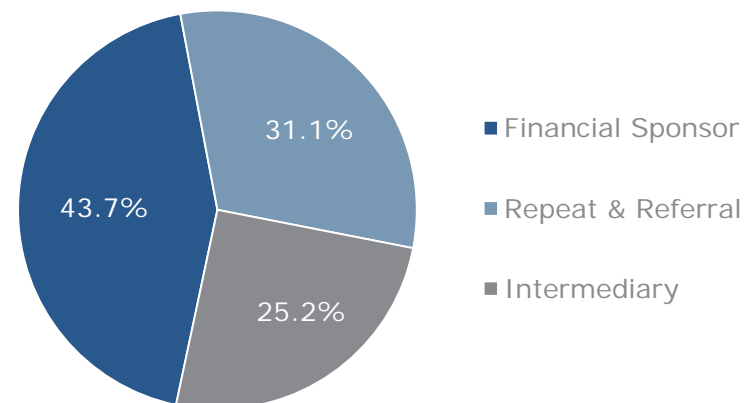
Confidential. Do not distribute.

## Portfolio Statistics

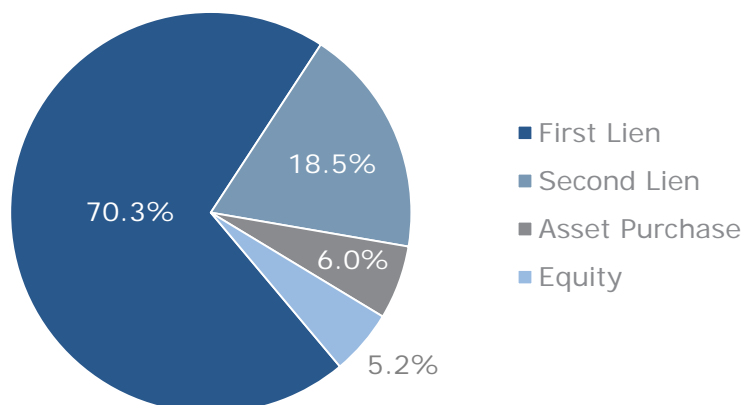
### Credit Ratings



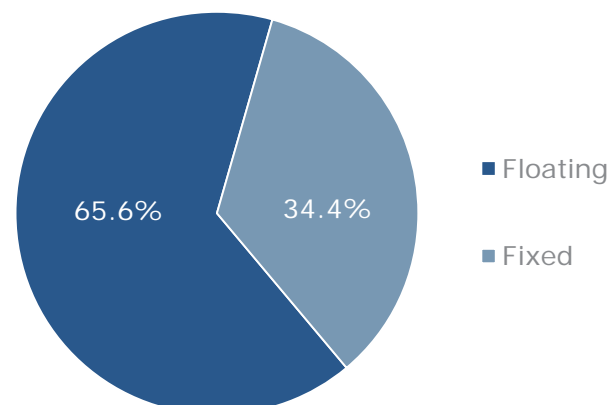
### Origination Source



### Investment Type



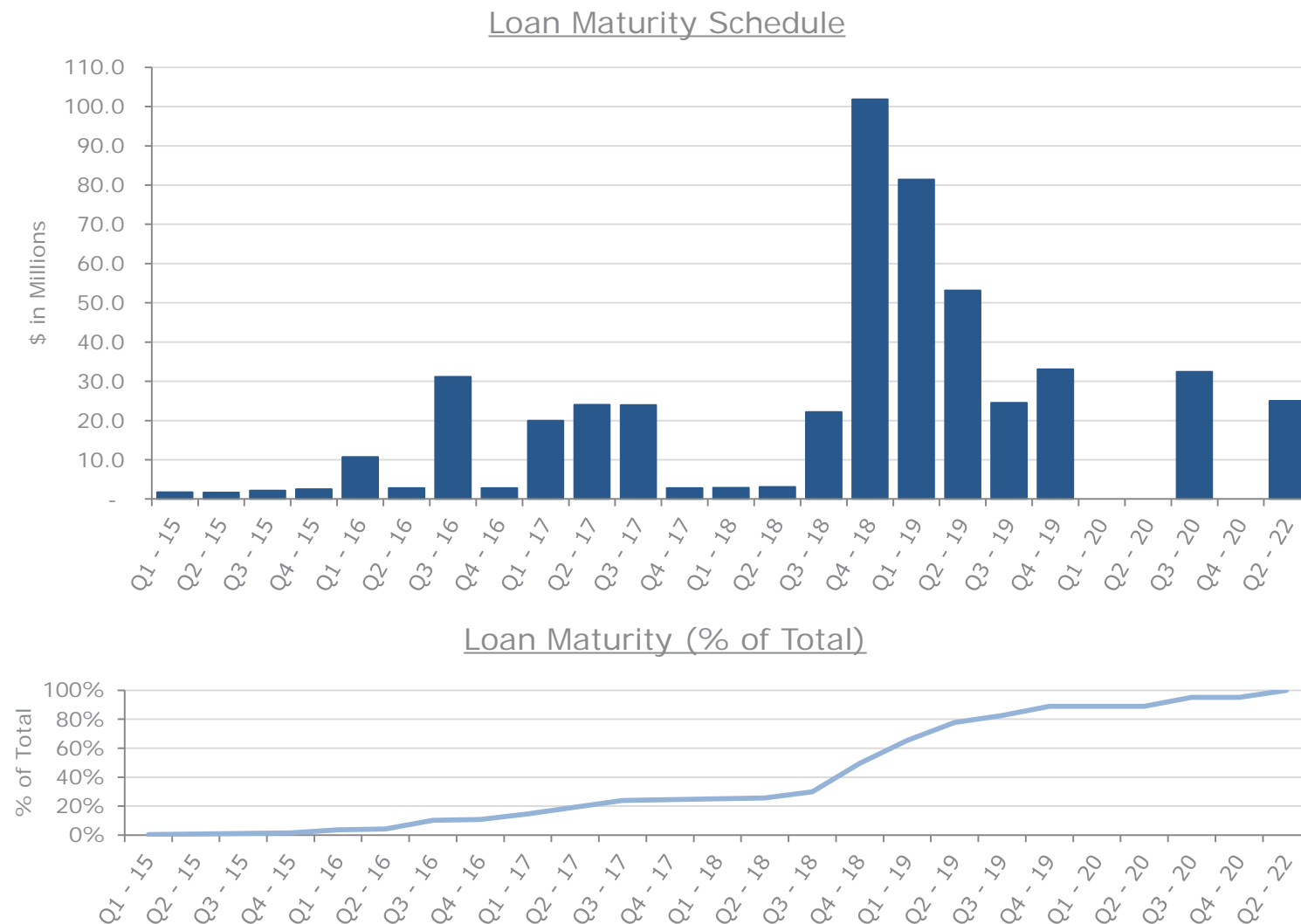
### Floating vs. Fixed Rate



Note: Portfolio summary as of December 31, 2014 based on fair market value.

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## Existing Portfolio Maturity Profile



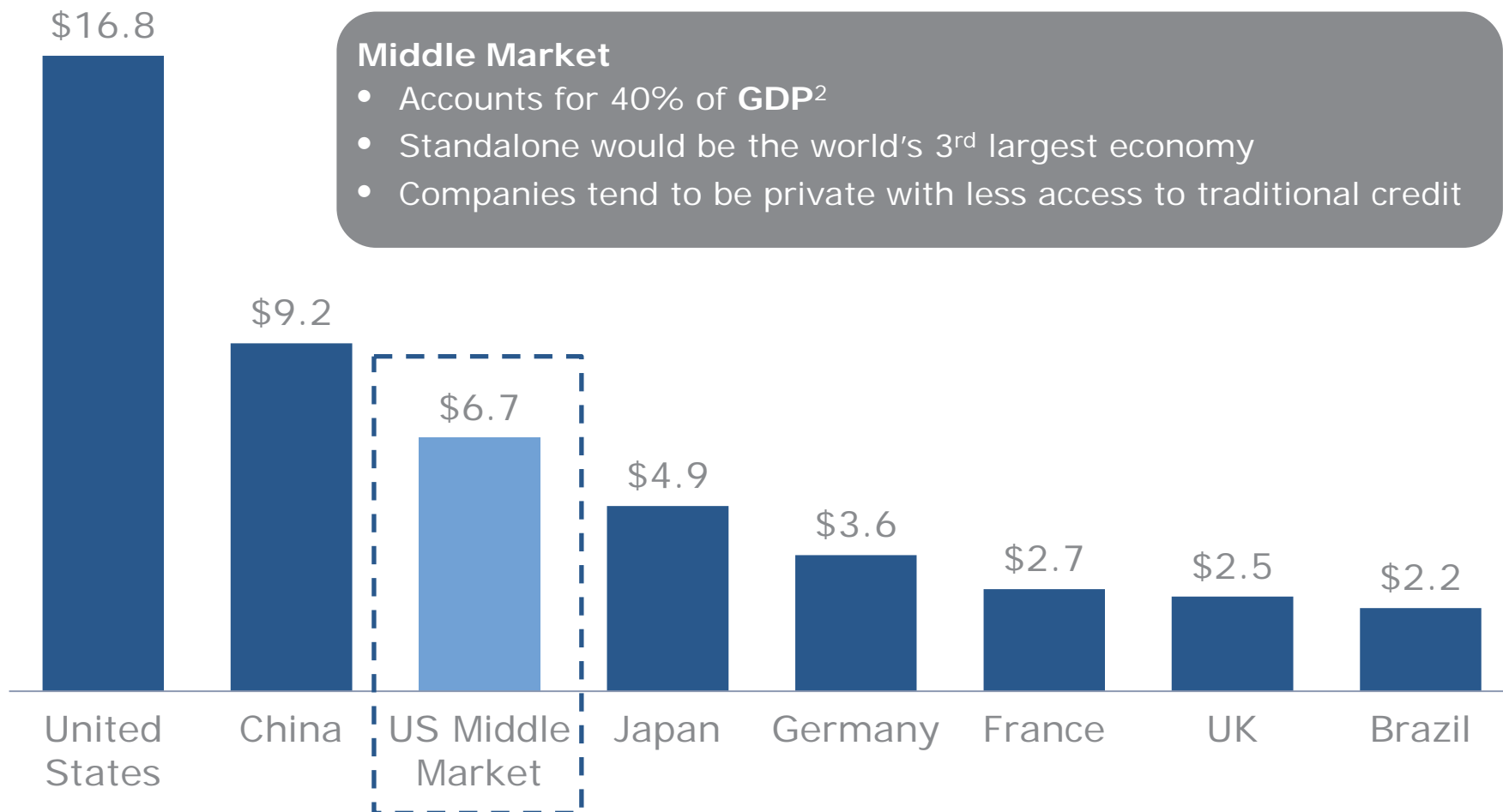
Note: Portfolio summary as of December 31, 2014.

Confidential. Do not distribute.



## The Opportunity – *Middle Market is Substantial*

### Top GDPs<sup>1</sup>



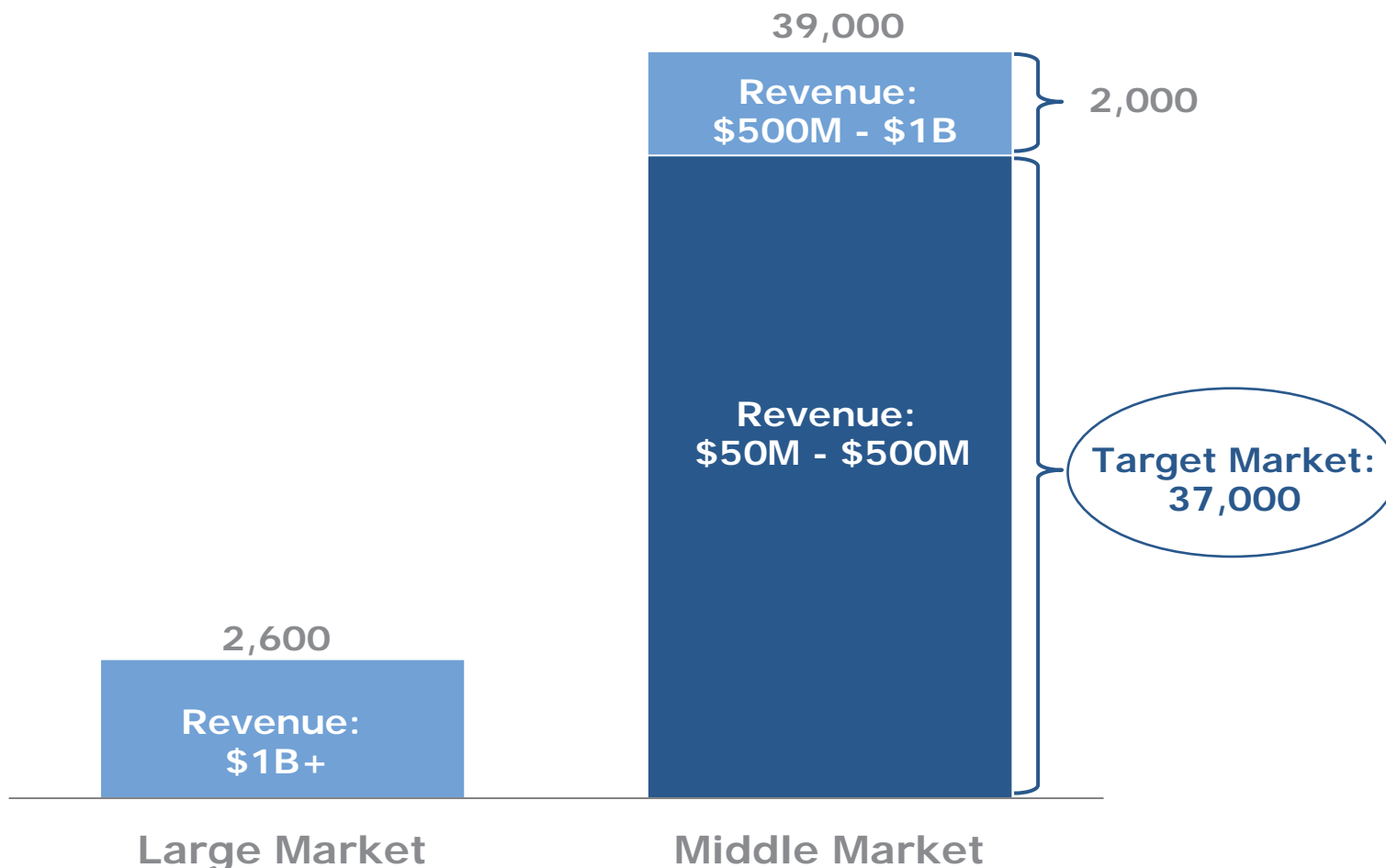
Note: Metrics in trillions of USD.

1. International Monetary Fund, World Economic Outlook Database, June 2014.

2. Deloitte, Mid Market Perspectives – 2013 Report on America's Economic Engine.

## The Opportunity – *Large Number of Borrowers*

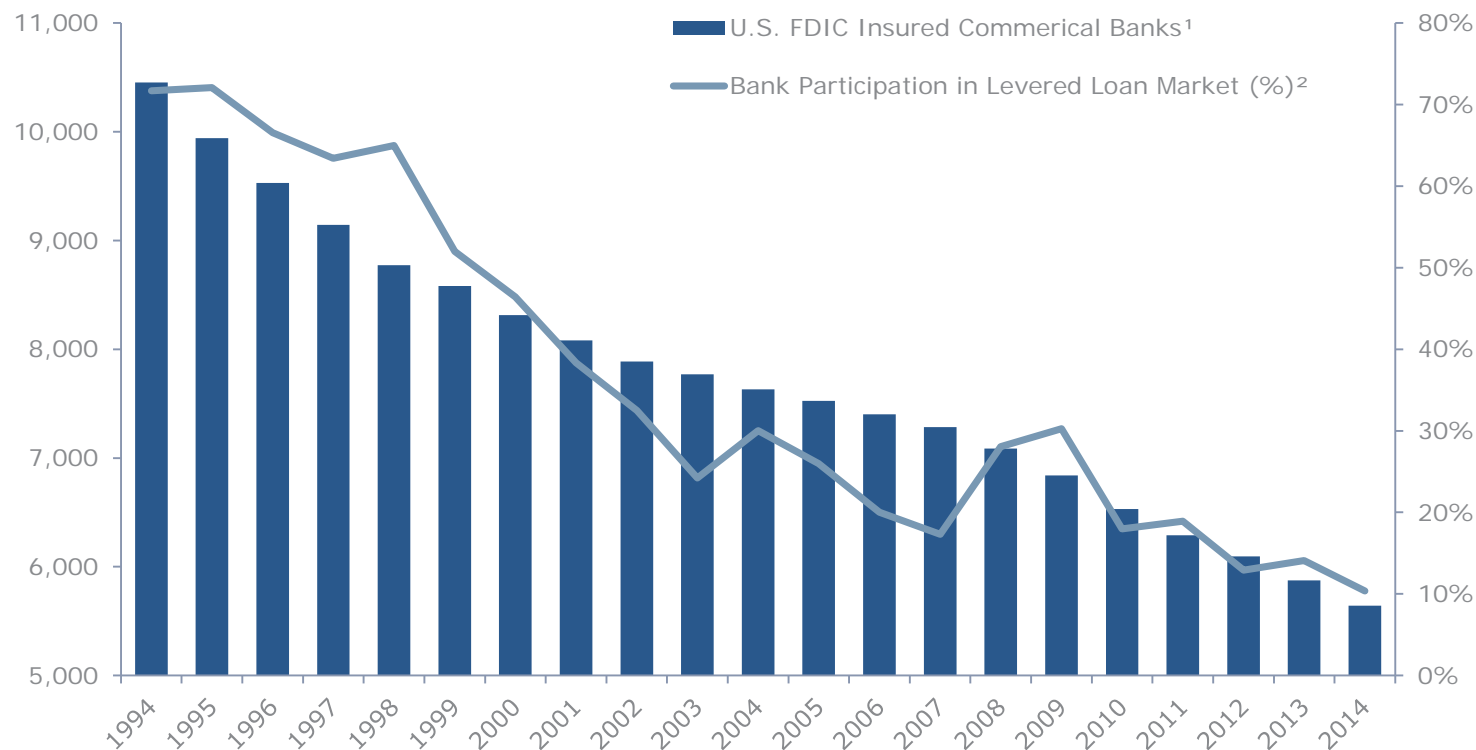
Number of Businesses by Market<sup>1</sup>



1. U.S. Census Bureau, 2007 Economic Census.

## The Opportunity – *Bank Consolidation*

- Banks continue to shift toward large borrowers
- Regulatory environment is headwind to bank participation in middle market

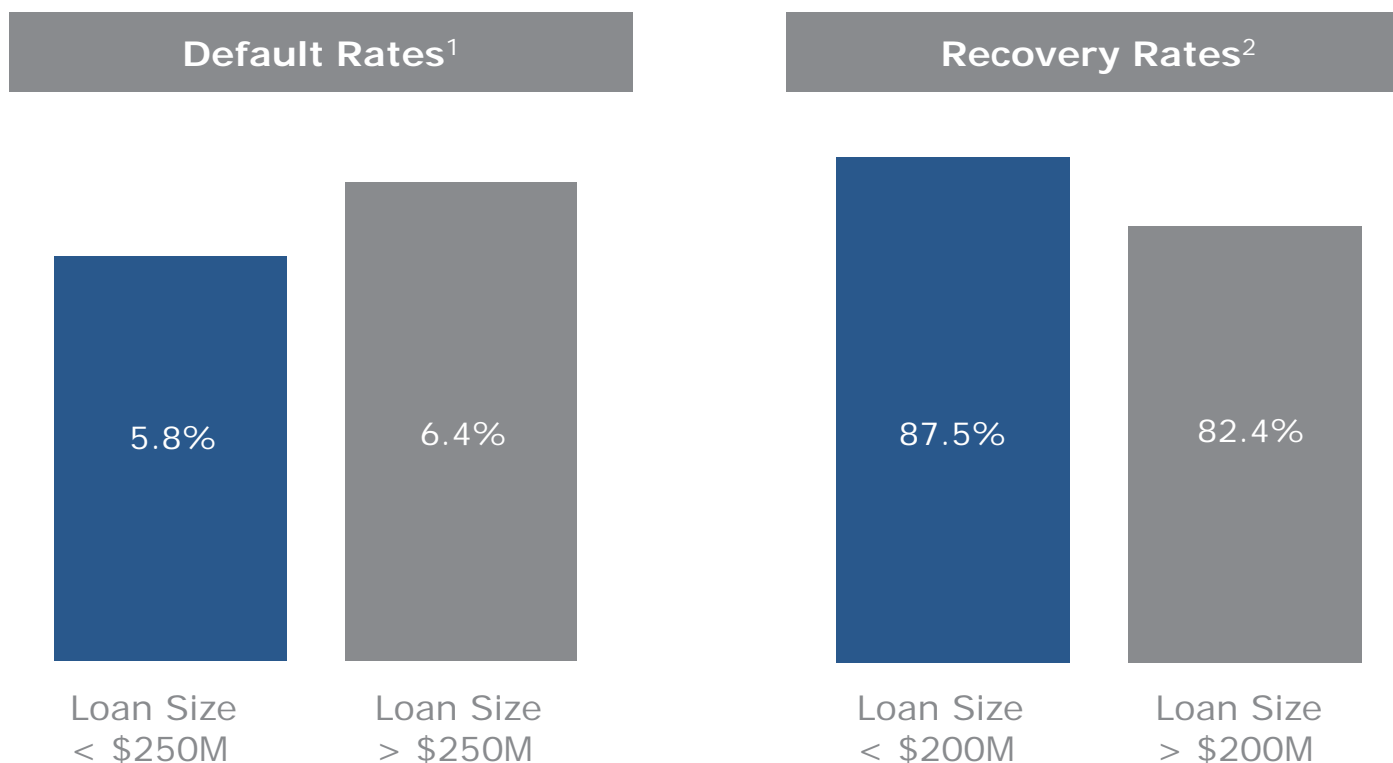


1. Federal Deposit Insurance Corporation, represents number of commercial banking institutions insured by the FDIC as of December 31, 2014.

2. S&P LCD's Leveraged Lending Review – 4Q14.

## The Opportunity – *Attractive Credit Performance*

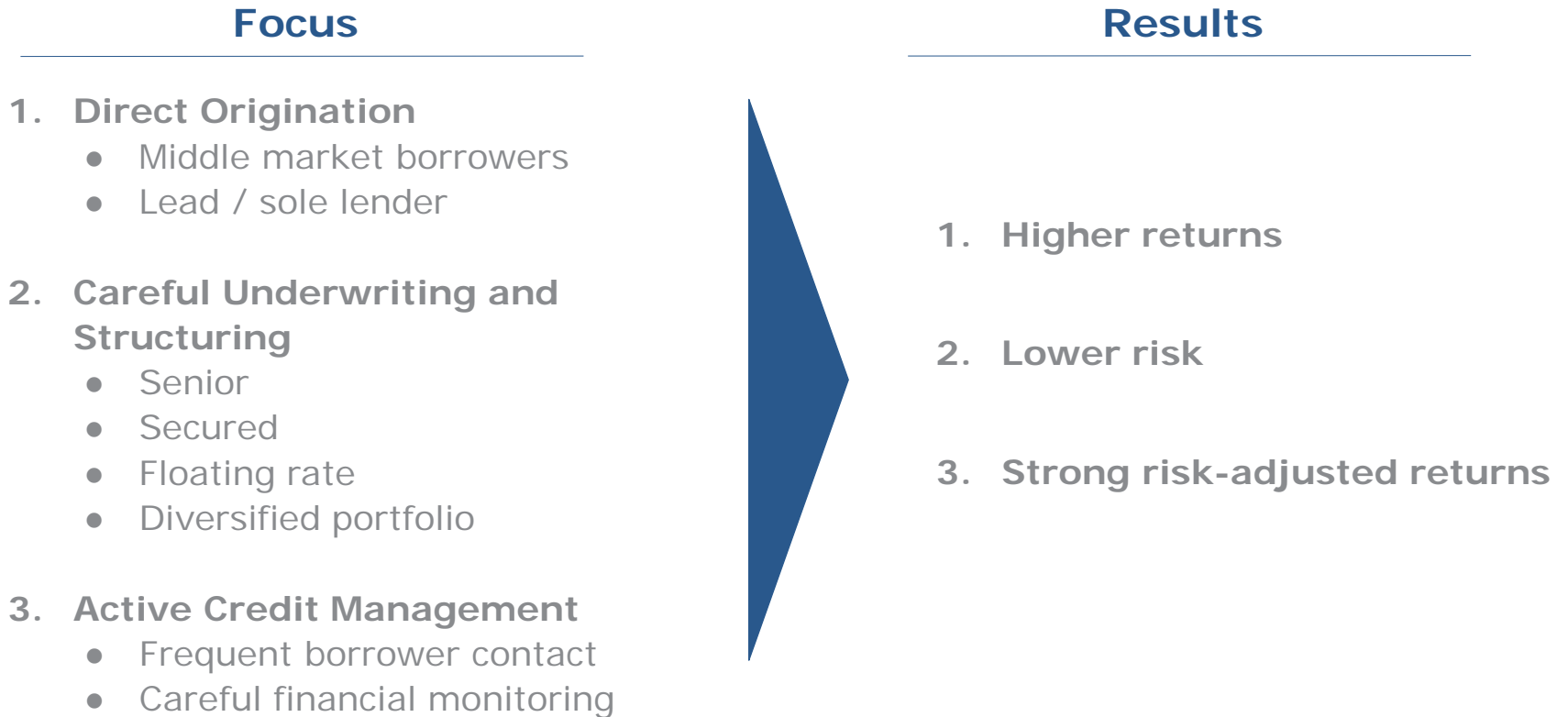
- Historically, the middle market has demonstrated lower default rates and higher recovery rates than large market borrowers



1. S&P 2Q13 Institutional Loan Default Review, represents data from 1995 to Q2 2013.

2. Credit Pro, represents data from 1987 to Q2 2013.

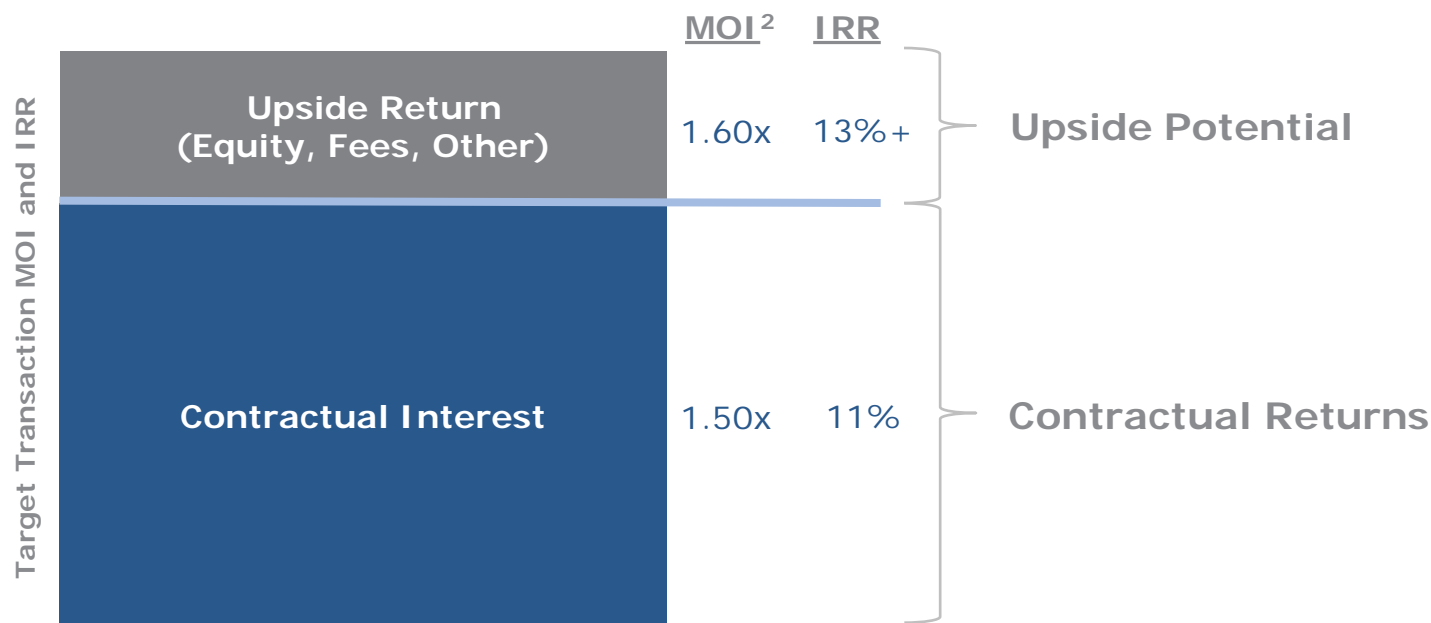
## Investment Strategy – *Overview*



## Investment Strategy – *Target Return Composition*

Medley is seeking 13%+ gross investment returns<sup>1</sup>

- Contractual returns of approximately 11% cash plus upside return



Note: This targeted performance information must be read in conjunction with the explanatory notes contained in the Notice on page 1. No assurance can be given that the investment objectives or target investment returns will be achieved.

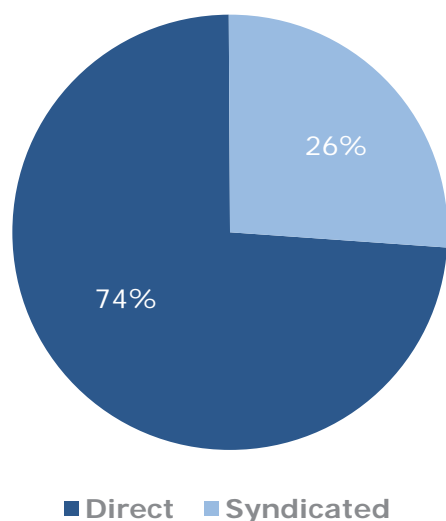
1. Gross returns before management fees, carried interest, fund expenses and potential loan losses, which will reduce returns to investors.

2. Multiple of investment ("MOI"), assumes average life of 5 years on loans and equity, actual duration may vary significantly.

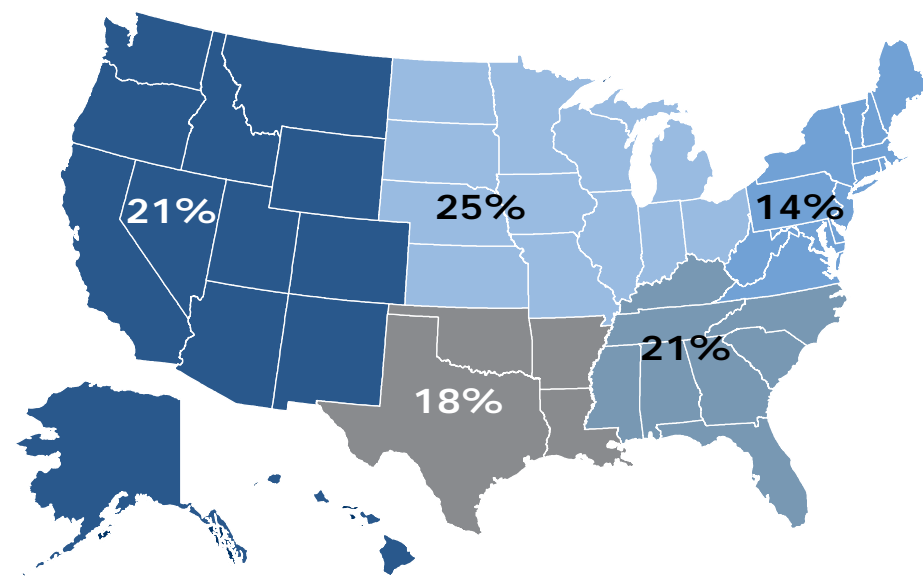
## Investment Process – *National Origination Platform*

- Direct origination drives superior returns
- Origination team produces over 1,400 investment opportunities annually

### Deal Flow by Source

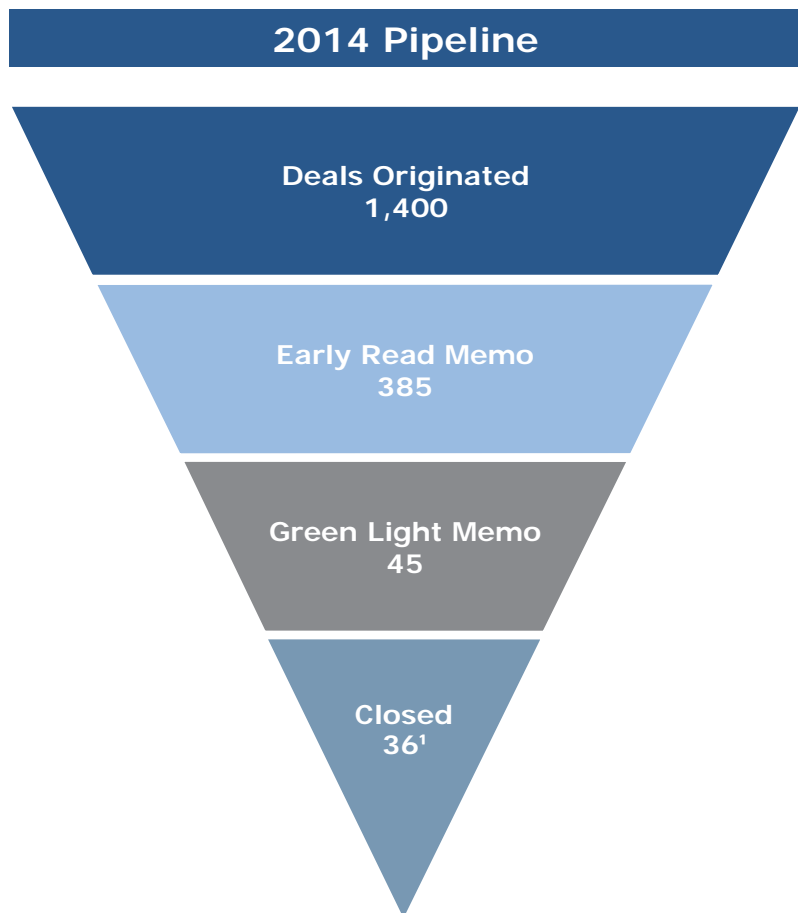


### Medley Investments by Geography



Note: Statistics as of December 31, 2014 and represents assets in MCC, SBIC, SIC, MOF II and SMA (excludes MOF I). In addition, investments by geography excludes approximately 1% of non-U.S. investments. Geographic distribution based on location of borrower headquarters.

## Investment Process – *Selective*



### Portfolio Construction

#### Senior secured

- UCC (lien) filings / Cash control / Covenants

#### Broadly diversified

- Sector / Collateral / Position size / Geography

#### Thorough diligence

- Deep underwriting by internal team
- Third-party financial review and independent appraisals

### Active Credit Monitoring

#### Frequent borrower contact

- Monthly calls
- Quarterly onsite visits

#### Monthly review

- Financial review
- Compliance certificates from borrowers

#### External checks and balances

- Independent valuation and collateral analysis
- Third-party loan servicing
- Outside legal counsel

1. Denotes the total number of directly originated borrowers.



## Why Invest with Medley?

### Attractive Opportunity

- Banks continue retreat from middle market creating attractive yields for lenders
- Secured positions against high-quality assets and enterprises
- Predictable yields with floating rate loans

### Focused Strategy

- Direct origination
- Careful underwriting – senior, secured, diversified portfolio
- Active credit management

### Experienced Team

- Senior team has worked together for 13 years executing a consistent investment strategy
- Registered with the SEC under the Investment Advisors Act (1940)
- Successfully raised and manage two public investment vehicles:
  - Medley Capital Corporation (NYSE: MCC)
  - Sierra Income Corporation
- Raising third institutional fund – Medley Opportunity Fund III

# Appendix A: Disclosure – Investment Performance

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## Disclosure – Investment Performance

### Historical Investment Performance

The Gross Investment Return represents the cumulative investment performance from inception of the fund through December 31, 2014. The Gross Investment Returns includes both realized and unrealized investments and excludes the impact of base management fees, incentive fees and other fund related expenses. For realized investments, the investment returns were calculated based on the actual cash outflows and inflows for each respective investment and include all interest, principal and fee note repayments, dividends and transactions fees, if applicable. For unrealized investments, the investment returns were calculated based on the actual cash outflows and inflows for each respective investment and include all interest, principal and fee note repayments, dividends and transactions fees, if applicable. The investment return assumes that the remaining unrealized portion of the investment is realized at the investments most recent fair value, as calculated in accordance with generally accepted accounting principles ("GAAP"). There can be no assurance that the investments will be realized at these fair values and actual results may differ significantly.

The Net Investment Return was calculated using the Gross Investment Return, as described above, and includes the actual management fees, incentive fees and general fund related expenses.

In considering the prior performance information contained herein, prospective investors should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that Medley will achieve comparable results.



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EMPLOYEES' RETIREMENT ASSOCIATION**  
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www.stancera.org  
e-mail: retirement@stancera.org

## **May 26, 2015, Retirement Board meeting**

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: 2015 Quarter 1 Value Added and Cash Flow Report
- II. ITEM NUMBER: 7.a
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

### *Value Added Summary – New Reporting Format*

This quarter begins a new reporting format. Not only is the formatting itself different, but a main focus of this new report is the incorporation of the effects of unvested cash on the value added metric. In general, most managers keep idle cash within their accounts on a transitory basis or as a function of market opportunity. Whenever managers keep cash within their accounts, there is an active return opportunity cost and a benchmark (passive return) opportunity cost. Since staff began receiving unvested cash data on October 1, 2014, our new reports only show historical data beginning on that date.

### *Value Added Summary – Non Alternative Portfolio*

As mentioned, since data is only available beginning October, 2014, the reports today are for the prior quarter and past 6 months. When enough data is accumulated, staff will furnish reports based on the most recent 12 month period and for the prior quarter.

During the 1<sup>st</sup> quarter 2015, the non-alternative portfolio (equities and fixed income) lost approximately \$1.2 million (relative to a fully invested passive return). The international equity class performed well, earning \$1.3 million in value, while domestic equity and fixed income gave up \$2.5 million. Individually, LSV and Pyramis both added value, while Dodge & Cox equity, Jackson Square and Legato underperformed.

### *Value Added Summary – Alternative Portfolio (Quarter 4, 2014)*

Since alternative performance data generally lags fixed income and equity by at least 90 days, this report will always be at least 1 quarter behind. During the 4<sup>th</sup> quarter of 2014, the alternative portfolio lost approximately \$1 million in value. The direct lending asset class accounted for slightly more than \$1 million in losses and the real estate class added approximately \$90,000 in value.

It should be noted that there are some real limitations in value added reporting for the alternative class. First, the measuring stick for the alternative class is not a valid benchmark. CFA institute states that if a benchmark is not investable then it is not valid. Since the alternative benchmark is a flat 9% (annual) it is not investable. In other words, there is not another asset that StanCERA

could choose to invest in and would pay 9% per year certain. This limitation is currently being researched by our consultant.

Second, the value added calculation is dependent on the total fees StanCERA pays each quarter to the managers. Since these fees can be highly variable (and in fact negative in some cases) from quarter to quarter, focusing on any single quarter can be misleading. As such, the IRR (internal rate of return) calculation is a concise and complete number in the sense that it takes into account all fees, contributions and disbursements in its calculation. This number can be found later in this item in the alternative investment report.

#### *Investment Fee Summary*

The investment fee summary shows detailed information regarding all specific fees paid to our managers. Over the past year, StanCERA paid 37 basis points in fees to all managers and the investment consultant. During Q4, this number dropped to 29 basis points due to decreased custodial fees, the lack of performance fees in Q4 data and the fact that our direct lending asset class provided some small fee rebates in the aggregate. On average, 1937 Act Systems pay approximately 35 basis points annually in comparable investment fees.

#### *Alternative Investment Report*

The alternative investment report gives information related to distributions, interest and expense and cash flow information through December 31, 2014. With this information, one can calculate an internal rate of return as of December 31, 2014 and the Q4 return itself. As requested, information related to fees being paid on uncommitted capital is included in this report (White Oak and Greenfield only).

#### *Cash Flow Report*

The cash flow reports for the most recent quarter and past year are self-explanatory.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective II: Develop efficient and effective processes for the evaluation, monitoring and disposition of StanCERA's active managers
- VIII. BUDGET IMPACT: None



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Rick Santos, Executive Director



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Kathy Herman, Fiscal Services Manager

### StanCERA Non Alternative Portfolio - Value Added Summary

	1/1/2015		through		3/31/2015					
	Average		Changes in Portfolio Value					Value Added		
	Beginning Value	Uninvested Cash	Invested Assets	Net Cash Flows	Passive Return	Active Return	Ending Value	Total Fees	Value Added	% of Portfolio
Total Non-Alternative Portfolio	\$1,670,362,081	\$19,843,153	\$1,650,518,929	-\$14,817,182	\$35,805,102	-\$86,645	\$1,691,263,356	\$1,168,340	-\$1,212,431	-0.07%
Domestic Equities	\$873,669,359	\$8,893,699	\$864,775,660	-\$7,885,626	\$17,067,161	-\$1,251,396	\$881,599,497	\$693,046	-\$1,944,443	-0.22%
Large Cap Value	\$308,081,303	\$2,203,649	\$305,877,654	-\$94,032	-\$2,223,786	-\$742,252	\$305,021,234	\$94,876	-\$837,128	-0.27%
Dodge & Cox Equity	\$183,795,075	\$2,203,649	\$181,591,427	-\$88,849	-\$1,326,547	-\$795,152	\$181,584,528	\$88,204	-\$883,356	-0.48%
Blackrock Value Index Fund	\$124,286,227	\$0	\$124,286,227	-\$5,183	-\$897,239	\$52,900	\$123,436,706	\$6,672	\$46,228	0.04%
Large Cap Growth	\$274,125,332	\$2,399,296	\$271,726,036	-\$7,399,911	\$10,379,312	-\$1,445,830	\$275,658,902	\$208,993	-\$1,654,823	-0.60%
Jackson Square	\$166,891,405	\$2,399,296	\$164,492,109	-\$7,399,400	\$6,264,060	-\$1,403,288	\$164,352,777	\$202,962	-\$1,606,250	-0.97%
Blackrock Growth Index Fund	\$107,233,927	\$0	\$107,233,927	-\$512	\$4,115,251	-\$42,542	\$111,306,124	\$6,031	-\$48,573	-0.04%
Small Cap Value	\$98,828,832	\$2,850,726	\$95,978,107	-\$182,497	\$1,955,326	\$1,691,954	\$102,293,615	\$195,292	\$1,496,663	1.49%
Capital Prospects	\$98,828,832	\$2,850,726	\$95,978,107	-\$182,497	\$1,955,326	\$1,691,954	\$102,293,615	\$195,292	\$1,496,663	1.49%
Small Cap Growth	\$90,358,165	\$1,440,029	\$88,918,136	-\$197,190	\$5,984,165	-\$748,995	\$95,396,144	\$193,320	-\$942,315	-1.01%
Legato Capital	\$90,358,165	\$1,440,029	\$88,918,136	-\$197,190	\$5,984,165	-\$748,995	\$95,396,144	\$193,320	-\$942,315	-1.01%
Core	\$102,275,728	\$0	\$102,275,728	-\$11,997	\$972,144	-\$6,274	\$103,229,602	\$565	-\$6,839	-0.01%
BNYM S&P Index Fund	\$102,275,728	\$0	\$102,275,728	-\$11,997	\$972,144	-\$6,274	\$103,229,602	\$565	-\$6,839	-0.01%
International Equities	\$301,642,750	\$3,190,846	\$298,451,904	-\$270,106	\$10,837,769	\$1,492,119	\$313,702,532	\$227,080	\$1,265,040	0.41%
LSV Asset Management	\$148,547,563	\$1,170,715	\$147,376,848	-\$86,823	\$5,338,011	\$633,795	\$154,432,546	\$113,705	\$520,089	0.34%
Pyramis Global	\$153,095,187	\$2,020,131	\$151,075,056	-\$183,283	\$5,499,758	\$858,325	\$159,269,986	\$113,374	\$744,950	0.48%
Fixed Income	\$495,049,972	\$7,758,608	\$487,291,364	-\$6,661,450	\$7,900,173	-\$327,368	\$495,961,327	\$205,660	-\$533,028	-0.11%
Dodge & Cox Fixed Income	\$384,972,730	\$7,156,209	\$377,816,521	-\$6,571,334	\$6,132,393	-\$337,883	\$384,195,906	\$109,739	-\$447,622	-0.12%
PIMCO	\$110,077,243	\$602,399	\$109,474,843	-\$90,116	\$1,767,780	\$10,515	\$111,765,421	\$95,921	-\$85,406	-0.08%

Net cash flows include the net effects of StanCERA directed cash flows, dividends and managers moving internal cash into and out of the investment pool

Passive return assumes all portfolio assets are fully invested

Uninvested Cash Data not available prior to October 1, 2014



### StanCERA Non Alternative Portfolio - Value Added Summary

	10/1/2014			through			3/31/2015				
	Beginning Value	Uninvested Cash	Average Invested Assets	Net Cash Flows	Passive Return	Active Return	Ending Value	Total Fees	Value Added	% of Portfolio	
Total Non-Alternative Portfolio	\$1,639,888,185	\$22,269,628	\$1,617,618,557	-\$25,582,054	\$81,448,282	-\$4,491,056	\$1,691,263,356	\$2,409,529	-\$6,858,031	-0.41%	
Domestic Equities	\$835,560,445	\$9,645,949	\$825,914,496	-\$15,151,778	\$65,768,856	-\$4,578,026	\$881,599,497	\$1,421,241	-\$5,999,267	-0.70%	
Large Cap Value	\$304,390,397	\$3,449,264	\$300,941,133	-\$7,202,940	\$12,701,666	-\$4,867,889	\$305,021,234	\$196,004	-\$5,063,893	-1.66%	
Dodge & Cox Equity	\$186,031,798	\$3,449,264	\$182,582,534	-\$7,197,883	\$7,704,363	-\$4,953,750	\$181,584,528	\$182,653	-\$5,136,402	-2.79%	
Blackrock Value Index Fund	\$118,358,599	\$0	\$118,358,599	-\$5,057	\$4,997,303	\$85,861	\$123,436,706	\$13,351	\$72,510	0.06%	
Large Cap Growth	\$257,703,463	\$1,750,087	\$255,953,376	-\$6,434,527	\$22,415,019	\$1,974,947	\$275,658,902	\$416,962	\$1,557,985	0.58%	
Jackson Square	\$155,432,462	\$1,750,087	\$153,682,375	-\$6,434,027	\$13,409,463	\$1,944,880	\$164,352,777	\$405,057	\$1,539,822	0.96%	
Blackrock Growth Index Fund	\$102,271,001	\$0	\$102,271,001	-\$500	\$9,005,556	\$30,067	\$111,306,124	\$11,905	\$18,162	0.02%	
Small Cap Value	\$88,990,429	\$2,979,806	\$86,010,623	\$2,984,072	\$10,459,423	-\$140,309	\$102,293,615	\$387,665	-\$527,974	-0.55%	
Capital Prospects	\$88,990,429	\$2,979,806	\$86,010,623	\$2,984,072	\$10,459,423	-\$140,309	\$102,293,615	\$387,665	-\$527,974	-0.55%	
Small Cap Growth	\$81,616,039	\$1,466,791	\$80,149,248	\$1,102,415	\$14,256,684	-\$1,578,993	\$95,396,144	\$410,107	-\$1,989,100	-2.25%	
Legato Capital	\$81,616,039	\$1,466,791	\$80,149,248	\$1,102,415	\$14,256,684	-\$1,578,993	\$95,396,144	\$410,107	-\$1,989,100	-2.25%	
Core	\$102,860,117	\$0	\$102,860,117	-\$5,600,797	\$5,936,064	\$34,218	\$103,229,602	\$10,503	\$23,715	0.02%	
BNYM S&P Index Fund	\$102,860,117	\$0	\$102,860,117	-\$5,600,797	\$5,936,064	\$34,218	\$103,229,602	\$10,503	\$23,715	0.02%	
International Equities	\$307,731,591	\$3,513,532	\$304,218,059	\$4,217,387	-\$1,103,095	\$2,856,649	\$313,702,532	\$535,269	\$2,321,380	0.75%	
LSV Asset Management	\$152,794,178	\$1,712,577	\$151,081,601	\$2,627,225	-\$548,656	-\$440,201	\$154,432,546	\$225,416	-\$665,617	-0.43%	
Pyramis Global	\$154,937,413	\$1,800,955	\$153,136,458	\$1,590,162	-\$554,439	\$3,296,850	\$159,269,986	\$309,853	\$2,986,997	1.90%	
Fixed Income	\$496,596,149	\$9,110,147	\$487,486,002	-\$14,647,663	\$16,782,521	-\$2,769,680	\$495,961,327	\$410,465	-\$3,180,144	-0.64%	
Dodge & Cox Fixed Income	\$388,031,622	\$8,540,766	\$379,490,856	-\$14,558,169	\$13,060,643	-\$2,338,190	\$384,195,906	\$219,960	-\$2,558,150	-0.66%	
PIMCO	\$108,564,527	\$569,381	\$107,995,146	-\$89,494	\$3,721,878	-\$431,490	\$111,765,421	\$190,504	-\$621,994	-0.56%	

Net cash flows include the net effects of StanCERA directed cash flows, dividends and managers moving internal cash into and out of the investment pool

Passive return assumes all portfolio assets are fully invested

Uninvested Cash Data not available prior to October 1, 2014



## StanCERA Alternative Portfolio - Value Added Summary

				10/1/2014	through	12/31/2014				
	<u>Beginning Value</u>	<u>Average</u>	<u>Invested Assets</u>	<u>Net Cash Flows</u>	<u>Changes in Portfolio Value</u>	<u>Active Return</u>	<u>Ending Value</u>	<u>Total Fees</u>	<u>Value Added</u>	<u>% of Portfolio</u>
		<u>Uninvested Assets</u>			<u>Passive Return</u>				<u>Value Added</u>	
<b>Total Alternative Portfolio</b>	<b>\$99,409,042</b>	<b>\$1,251,052</b>	<b>\$98,157,990</b>	<b>\$15,044,402</b>	<b>\$4,421,985</b>	<b>-\$953,685</b>	<b>\$117,921,744</b>	<b>\$42,554</b>	<b>-\$996,239</b>	<b>-0.92%</b>
<b>Real Estate</b>	<b>\$24,869,148</b>	<b>\$386,391</b>	<b>\$24,482,757</b>	<b>-\$1,782,095</b>	<b>\$2,616,485</b>	<b>\$142,443</b>	<b>\$25,845,981</b>	<b>\$52,285</b>	<b>\$90,159</b>	<b>0.36%</b>
Blackrock US Real Estate Index	\$21,396,037	\$1	\$21,396,036	-\$8,724,962	\$2,593,831	-\$31,824	\$15,233,082	\$4,694	-\$36,518	-0.20%
Greenfield GAP Real Estate	\$3,473,111	\$386,391	\$3,086,720	\$6,942,867	\$22,653	\$174,267	\$10,612,898	\$47,590	\$126,677	1.80%
<b>Direct Lending</b>	<b>\$74,539,894</b>	<b>\$864,661</b>	<b>\$73,675,233</b>	<b>\$16,826,497</b>	<b>\$1,805,500</b>	<b>-\$1,096,128</b>	<b>\$92,075,763</b>	<b>-\$9,731</b>	<b>-\$1,086,397</b>	<b>-1.30%</b>
Medley Capital	\$28,859,417	\$0	\$28,859,417	\$2,091,945	\$651,133	-\$433,415	\$31,169,080	-\$16,044	-\$417,371	-1.39%
Raven Capital	\$25,542,542	\$701,988	\$24,840,554	\$4,059,271	\$600,207	-\$670,853	\$29,531,167	\$101,428	-\$772,281	-2.80%
White Oak Pinnacle	\$20,137,935	\$162,673	\$19,975,262	\$10,675,281	\$554,161	\$8,140	\$31,375,516	-\$95,114	\$103,254	0.40%
<b>Infrastructure</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>
Morgan Stanley Infrastructure	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A

Net cash flows are an approximation of distributions and contributions and StanCERA directed cash flows  
 Benchmark return assumes all portfolio assets are fully invested





## Investment Fee Summary

10/1/2014

through

12/31/2014

	Average Assets Under Management	Managerial	Fees in Dollars		Fees in Annualized Basis Points		
			Custodial	Total	Managerial	Custodial	Total
<b>Total Portfolio</b>	<b>\$1,776,715,519</b>	<b>\$1,201,808</b>	<b>\$81,935</b>	<b>\$1,326,243</b>	<b>27.1</b>	<b>1.8</b>	<b>28.9</b>
<b>Domestic Equities</b>	<b>\$866,223,023</b>	<b>\$692,009</b>	<b>\$36,186</b>	<b>\$728,194</b>	<b>32.0</b>	<b>1.7</b>	<b>33.6</b>
<b>Large Cap Value</b>	<b>\$311,559,238</b>	<b>\$96,853</b>	<b>\$4,274</b>	<b>\$101,127</b>	<b>12.4</b>	<b>0.5</b>	<b>13.0</b>
Dodge & Cox Equity	\$189,755,656	\$90,706	\$3,743	\$94,449	19.1	0.8	19.9
Blackrock Value Index Fund	\$121,803,582	\$6,148	\$531	\$6,679	2.0	0.2	2.2
<b>Large Cap Growth</b>	<b>\$268,460,460</b>	<b>\$203,752</b>	<b>\$4,217</b>	<b>\$207,969</b>	<b>30.4</b>	<b>0.6</b>	<b>31.0</b>
Jackson Square	\$162,753,190	\$198,409	\$3,686	\$202,095	48.8	0.9	49.7
Blackrock Growth Index Fund	\$105,707,270	\$5,343	\$531	\$5,874	2.0	0.2	2.2
<b>Small Cap Value</b>	<b>\$95,270,778</b>	<b>\$182,558</b>	<b>\$9,815</b>	<b>\$192,373</b>	<b>76.6</b>	<b>4.1</b>	<b>80.8</b>
Capital Prospects	\$95,270,778	\$182,558	\$9,815	\$192,373	76.6	4.1	80.8
<b>Small Cap Growth</b>	<b>\$86,921,920</b>	<b>\$199,515</b>	<b>\$17,271</b>	<b>\$216,787</b>	<b>91.8</b>	<b>7.9</b>	<b>99.8</b>
Legato Capital	\$86,921,920	\$199,515	\$17,271	\$216,787	91.8	7.9	99.8
<b>Core</b>	<b>\$104,010,627</b>	<b>\$9,330</b>	<b>\$608</b>	<b>\$9,938</b>	<b>3.6</b>	<b>0.2</b>	<b>3.8</b>
BNYM S&P Index Fund	\$104,010,627	\$9,330	\$608	\$9,938	3.6	0.2	3.8
<b>International Equities</b>	<b>\$307,656,420</b>	<b>\$272,649</b>	<b>\$35,541</b>	<b>\$308,190</b>	<b>35.4</b>	<b>4.6</b>	<b>40.1</b>
LSV Asset Management	\$152,217,535	\$93,420	\$18,291	\$111,711	24.5	4.8	29.4
Pyramis Global	\$155,438,885	\$179,229	\$17,250	\$196,479	46.1	4.4	50.6
<b>Fixed Income</b>	<b>\$496,863,182</b>	<b>\$197,355</b>	<b>\$7,450</b>	<b>\$204,805</b>	<b>15.9</b>	<b>0.6</b>	<b>16.5</b>
Dodge & Cox Fixed Income	\$387,247,175	\$105,034	\$5,187	\$110,221	10.8	0.5	11.4
PIMCO	\$109,616,007	\$92,321	\$2,263	\$94,584	33.7	0.8	34.5
<b>Real Estate</b>	<b>\$27,108,355</b>	<b>\$51,188</b>	<b>\$1,097</b>	<b>\$52,285</b>	<b>75.5</b>	<b>1.6</b>	<b>77.1</b>
Blackrock US Real Estate Index	\$19,113,110	\$4,129	\$565	\$4,694	8.6	1.2	9.8
Greenfield GAP Real Estate	\$7,995,245	\$47,059	\$531	\$47,590	235.4	2.7	238.1
<b>Direct Lending</b>	<b>\$78,864,540</b>	<b>-\$11,392</b>	<b>\$1,662</b>	<b>-\$9,731</b>	<b>-5.8</b>	<b>0.8</b>	<b>-4.9</b>
Medley Capital	\$30,307,334	-\$16,584	\$540	-\$16,044	-21.9	0.7	-21.2
Raven Capital	\$25,427,313	\$100,888	\$540	\$101,428	158.7	0.8	159.6
White Oak Pinnacle	\$23,129,893	-\$95,696	\$582	-\$95,114	-165.5	1.0	-164.5
<b>Infrastructure</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>
Morgan Stanley Infrastructure	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
<b>Investment Consultant</b>	<b>\$1,776,715,519</b>	<b>-</b>	<b>-</b>	<b>\$42,500</b>	<b>-</b>	<b>-</b>	<b>1.0</b>

Direct Lending Managerial Fees include other fees such as audit, legal, tax preparation, administrative and marketing



## Investment Fee Summary

1/1/2014

through

12/31/2014

	Average Assets Under Management	Managerial	Fees in Dollars		Fees in Annualized Basis Points		
			Custodial	Total	Managerial	Custodial	Total
<b>Total Portfolio</b>	<b>\$1,739,749,922</b>	<b>\$5,896,619</b>	<b>\$562,815</b>	<b>\$6,629,434</b>	<b>33.9</b>	<b>3.2</b>	<b>37.1</b>
<b>Domestic Equities</b>	<b>\$832,347,046</b>	<b>\$2,675,233</b>	<b>\$182,634</b>	<b>\$2,857,867</b>	<b>32.1</b>	<b>2.2</b>	<b>34.3</b>
<b>Large Cap Value</b>	<b>\$300,637,610</b>	<b>\$380,627</b>	<b>\$24,289</b>	<b>\$404,916</b>	<b>12.7</b>	<b>0.8</b>	<b>13.5</b>
Dodge & Cox Equity	\$184,452,457	\$357,170	\$21,282	\$378,452	19.4	1.2	20.5
Blackrock Value Index Fund	\$116,185,153	\$23,457	\$3,007	\$26,464	2.0	0.3	2.3
<b>Large Cap Growth</b>	<b>\$252,685,828</b>	<b>\$765,535</b>	<b>\$23,106</b>	<b>\$788,641</b>	<b>30.3</b>	<b>0.9</b>	<b>31.2</b>
Jackson Square	\$152,628,783	\$745,417	\$20,234	\$765,651	48.8	1.3	50.2
Blackrock Growth Index Fund	\$100,057,045	\$20,118	\$2,872	\$22,990	2.0	0.3	2.3
<b>Small Cap Value</b>	<b>\$93,057,056</b>	<b>\$714,930</b>	<b>\$45,299</b>	<b>\$760,229</b>	<b>76.8</b>	<b>4.9</b>	<b>81.7</b>
Capital Prospects	\$93,057,056	\$714,930	\$45,299	\$760,229	76.8	4.9	81.7
<b>Small Cap Growth</b>	<b>\$85,380,985</b>	<b>\$778,271</b>	<b>\$86,347</b>	<b>\$864,617</b>	<b>91.2</b>	<b>10.1</b>	<b>101.3</b>
Legato Capital	\$85,380,985	\$778,271	\$86,347	\$864,617	91.2	10.1	101.3
<b>Core</b>	<b>\$100,585,566</b>	<b>\$35,871</b>	<b>\$3,594</b>	<b>\$39,465</b>	<b>3.6</b>	<b>0.4</b>	<b>3.9</b>
BNYM S&P Index Fund	\$100,585,566	\$35,871	\$3,594	\$39,465	3.6	0.4	3.9
<b>International Equities</b>	<b>\$312,895,103</b>	<b>\$1,220,417</b>	<b>\$310,796</b>	<b>\$1,531,213</b>	<b>39.0</b>	<b>9.9</b>	<b>48.9</b>
LSV Asset Management	\$155,192,310	\$494,383	\$139,144	\$633,527	31.9	9.0	40.8
Pyramis Global	\$157,702,794	\$726,034	\$171,652	\$897,686	46.0	10.9	56.9
<b>Fixed Income</b>	<b>\$499,882,691</b>	<b>\$791,197</b>	<b>\$59,928</b>	<b>\$851,124</b>	<b>15.8</b>	<b>1.2</b>	<b>17.0</b>
Dodge & Cox Fixed Income	\$391,778,164	\$426,041	\$37,786	\$463,827	10.9	1.0	11.8
PIMCO	\$108,104,527	\$365,156	\$22,141	\$387,297	33.8	2.0	35.8
<b>Real Estate</b>	<b>\$22,177,402</b>	<b>\$19,890</b>	<b>\$2,364</b>	<b>\$22,254</b>	<b>9.0</b>	<b>1.1</b>	<b>10.0</b>
Blackrock US Real Estate Index	\$22,177,402	\$19,890	\$2,364	\$22,254	9.0	1.1	10.0
<b>Direct Lending</b>	<b>\$72,447,680</b>	<b>\$1,189,882</b>	<b>\$7,094</b>	<b>\$1,196,976</b>	<b>164.2</b>	<b>1.0</b>	<b>165.2</b>
Medley Capital	\$27,335,723	\$305,406	\$2,377	\$307,783	111.7	0.9	112.6
Raven Capital	\$24,689,501	\$588,077	\$2,376	\$590,453	238.2	1.0	239.2
White Oak Pinnacle	\$20,422,456	\$296,399	\$2,341	\$298,740	145.1	1.1	146.3
<b>Infrastructure</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>	<b>#N/A</b>
Morgan Stanley Infrastructure	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
<b>Investment Consultant</b>	<b>\$1,739,749,922</b>	<b>-</b>	<b>-</b>	<b>\$170,000</b>	<b>-</b>	<b>-</b>	<b>1.0</b>

Direct Lending Managerial Fees include other fees such audit, legal, tax preparation, administrative and marketing



# White Oak Alternative Investment Report for Quarter Ending December 31, 2014

## Distribution Activity Through 12/31/2014

Distributions	-\$12,052,244
Offering Costs	<u>\$0</u>
Net Distribution Activity	-\$12,052,244

## Interest and Expense For Quarter December 31, 2014

Interest Income	\$3,327,457
Undistributed Income Charge	\$0
Dividend Income	\$0
Other Income	\$0
Management Fees	-\$1,123,756
Partnership Operations	\$0
Professional Fees	\$0
Organizational Expense	\$0
Other Expenses	-\$205,985
Service Fees	\$0
Realized Gain/(Loss)	\$123,297
Unrealized Gain/(Loss)	<u>\$500,547</u>
Net Investment Income/(Loss)	\$2,621,560
Gross Capital Calls as of Qtr End	\$41,356,635
Net Distribution Activity	-\$12,052,244
Net Investment Activity	<u>\$2,621,560</u>
Capital Balance as of Qtr End	\$31,925,950
Remaining Uncommitted Capital	\$10,447,127
Commitment Period End Date	12/31/2015
Management Fee	1.50%

## White Oak Cash Flow Activity Since Inception

<u>Date</u>	<u>Cash Flow</u>
8/2/2013	-\$1,195,179
8/5/2013	-\$1,072,131
8/27/2013	-\$504,810
9/24/2013	-\$1,759,299
9/26/2013	-\$9,074,704
10/7/2013	-\$1,583,868
11/5/2013	-\$1,557,519
11/19/2013	-\$1,595,710
12/2/2013	\$2,548,332
12/4/2013	-\$1,637,899
12/9/2013	-\$910,433
12/12/2013	-\$861,352
2/21/2014	-\$297,534
2/26/2014	\$7,885,764
3/26/2014	-\$3,239,701
4/25/2014	-\$2,338,689
5/25/2014	-\$840,670
7/31/2014	\$153,251
9/23/2014	-\$808,389
9/25/2014	-\$261,101
10/3/2014	\$287,925
11/19/2014	-\$892,750
12/9/2014	-\$169,677
12/11/2014	-\$6,368,205
12/23/2014	-\$3,171,213
12/23/2014	\$497,436
12/31/2014	-\$536,265
12/31/2014	-\$679,536
12/31/2014	\$679,536

Estimated Asset Value as of Decemer 31, 2014 \$31,925,950

Internal Rate of Return September 30, 2014 8.92%

Quarter 4 2014 Return 2.21%

Internal Rate of Return December 31, 2014 11.33%

## Medley Alternative Investment Report for Quarter Ending December 31, 2014

### Distribution Activity Through 12/31/2014

Distributions	-\$4,542,778
Offering Costs	<u>\$0</u>
Net Distribution Activity	-\$4,542,778

### Interest and Expense For Quarter December 31, 2014

Interest Income	\$6,954,286
Undistributed Income Charge	-\$2,974,156
Dividend Income	\$0
Other Income	\$0
Management Fees	-\$1,300,678
Partnership Operations	-\$117,321
Professional Fees	\$0
Organizational Expense	\$0
Other Expenses	-\$252,518
Service Fees	\$0
Realized Gain/(Loss)	\$71,530
Unrealized Gain/(Loss)	<u>-\$604,470</u>
Net Investment Income/(Loss)	\$1,776,673

Gross Capital Calls as of Qtr End	\$34,518,348
Net Distribution Activity	-\$4,542,778
Net Investment Activity	<u>\$1,776,673</u>
Capital Balance as of Qtr End	\$31,752,243

### Medley Capital Cash Flow Activity Since Inception

Date	Cash Flow
5/16/2013	-\$7,500,000
5/16/2013	-\$13,808,430
5/31/2013	\$1,020,522
7/30/2013	\$2,349,915
12/4/2013	-\$1,445,727
12/11/2013	-\$2,416,766
12/17/2013	-\$1,346,764
3/11/2014	-\$2,674,594
3/28/2014	-\$1,918,283
9/24/2014	-\$619,597
9/24/2014	-\$1,032,662
9/24/2014	\$1,172,341
11/12/2014	-\$1,755,525

Estimated Asset Value as of Decemer 31, 2014      \$31,752,243

Internal Rate of Return September 30, 2014      3.73%

Quarter 4 2014 Return      0.73%

Internal Rate of Return December 31, 2014      4.48%

## Raven Alternative Investment Report for Quarter Ending December 31, 2014

Distribution Activity Through 12/31/2014	
Distributions	-\$6,815,150
Pre Funding Distribution	\$650,487
Offering Costs	<u>-\$22,211</u>
Net Distribution Activity	-\$6,186,874

Interest and Expense For Quarter December 31, 2014	
Interest Income	\$3,579,172
Undistributed Income Charge	-\$813,029
Dividend Income	\$1,087,281
Other Income	\$304,772
Management Fees	-\$1,731,053
Partnership Operations	\$0
Professional Fees	\$0
Organizational Expense	\$0
Other Expenses	-\$777,715
Service Fees	\$0
Realized Gain/(Loss)	\$402,958
Unrealized Gain/(Loss)	<u>-\$80,238</u>
Net Investment Income/(Loss)	\$1,972,148

Gross Capital Call as of Qtr End	\$34,668,305
Net Distribution Activity	-\$6,186,874
Net Investment Activity	<u>\$1,972,148</u>
Capital Balance as of Qtr End	\$30,453,579

### Raven Capital Cash Flow Activity Since Inception

Date	Cash Flow
5/22/2013	-\$10,753,342
8/15/2013	\$183,156
10/1/2013	-\$6,279,640
10/1/2013	-\$3,139,820
11/14/2013	-\$2,354,865
11/19/2013	\$272,747
2/18/2014	\$418,643
3/17/2014	-\$4,709,730
5/20/2014	\$932,788
8/18/2014	\$2,421,827
8/18/2014	\$717,993
11/20/2014	\$478,040
11/20/2014	\$739,469
12/23/2014	-\$7,430,908

Estimated Asset Value as of Decemer 31, 2014      \$30,453,579

Internal Rate of Return September 30, 2014      6.13%

Quarter 4 2014 Return      -0.25%

Internal Rate of Return December 31, 2014      5.86%

## Greenfield Alternative Investment Report for Quarter Ending December 31, 2014

Distribution Activity Through 12/31/2014	
Distributions	\$0
Pre Funding Distribution	\$0
Offering Costs	<u>\$0</u>
Net Distribution Activity	\$0

Interest and Expense For Quarter December 31, 2014	
Interest Income	\$125,660
Undistributed Income Charge	\$0
Dividend Income	\$0
Other Income	\$0
Management Fees	-\$233,838
Partnership Operations	\$0
Professional Fees	\$0
Organizational Expense	\$0
Other Expenses	\$0
Service Fees	\$0
Realized Gain/(Loss)	\$0
Unrealized Gain/(Loss)	<u>\$207,931</u>
Net Investment Income/(Loss)	<u>\$99,753</u>

Gross Capital Call as of Qtr End	\$9,367,133
Net Distribution Activity	\$0
Net Investment Activity	<u>\$99,753</u>
Capital Balance as of Qtr End	\$9,466,886

Remaining Uncommitted Capital	\$5,632,867
Commitment Period End Date	12/1/2017
Management Fee	1.50%

### Greenfield Capital Cash Flow Activity Since Inception

Date	Cash Flow
7/8/2014	-\$2,122,581
8/22/2014	-\$1,212,903
10/7/2014	\$2,103
10/7/2014	\$134,135
10/21/2014	-\$5,169,043
11/21/2014	-\$1,723,014
12/9/2014	-\$781,885
12/12/2014	\$10,283
12/12/2014	\$928,920
12/16/2014	-\$3,955
12/22/2014	\$7,776
12/22/2014	\$536,748

Estimated Asset Value as of Decemer 31, 2014	\$9,466,886
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Internal Rate of Return September 30, 2014	0.00%
Quarter 4 2014 Return	2.85%
Internal Rate of Return December 31, 2014	2.85%

## Cash Flow Report

Jan 2015 through March 2015

Beginning Cash Balance	\$11,277,284
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### Cash Flow In

Sales of Investments	\$6,500,000
Plan Sponsor Contributions	\$12,663,287
Employee Contributions	\$5,307,494
Employee Buybacks	\$145,796
Interest Income	\$0
Rental Income	\$13,086
Commission Recapture	\$6,812
Litigation Recovery	<u>\$0</u>

Total Cash Flow In	\$24,636,474
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### Cash Flow Out

Retirement Benefits	\$24,752,353
StanCERA Payroll	\$293,744
Operations Expense	\$125,541
Pension Software	\$22,451
Fixed Asset Purchases	\$0
Employee Refunds	\$381,707
Post Retirement Death Benefits	\$0
Burial Allowances	\$45,000
Retiree Death - Return of Contributions	\$24,784
Investment Consultant Fees	\$42,500
Actuarial Fees	\$18,975
Custodial Fees	\$169,705
Investment Management Fees	\$1,206,995
Audit Fees	\$0
Legal Fees	<u>\$46,339</u>

Total Cash Flow Out	\$27,130,094
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Ending Cash Balance	\$8,783,664
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Change in Cash Balance	-\$2,493,620
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## Cash Flow Report

April 2014 through March 2015

Beginning Cash Balance	\$10,192,094
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### Cash Flow In

Sales of Investments	\$32,000,000
Plan Sponsor Contributions	\$51,552,771
Employee Contributions	\$22,123,961
Employee Buybacks	\$289,905
Interest Income	\$44,902
Rental Income	\$52,343
Commission Recapture	\$16,602
Litigation Recovery	<u>\$103,735</u>

Total Cash Flow In	\$106,184,218
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### Cash Flow Out

Retirement Benefits	\$97,034,721
StanCERA Payroll	\$1,172,265
Operations Expense	\$1,077,101
Pension Software	\$43,943
Fixed Asset Purchases	\$0
Employee Refunds	\$1,901,830
Post Retirement Death Benefits	\$221,109
Burial Allowances	\$265,000
Retiree Death - Return of Contributions	\$81,990
Investment Consultant Fees	\$170,000
Actuarial Fees	\$129,701
Custodial Fees	\$425,808
Investment Management Fees	\$4,777,583
Audit Fees	\$55,678
Legal Fees	<u>\$113,059</u>

Total Cash Flow Out	\$107,469,787
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Ending Cash Balance	\$8,906,524
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Change in Cash Balance	-\$1,285,570
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**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
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P.O. Box 3150 Modesto, CA 95353-3150

**Phone (209) 525-6393**  
**Fax (209) 558-4976**  
**www.stancera.org**  
**e-mail: retirement@stancera.org**

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## **May 26, 2015, Retirement Board Meeting**

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: Monthly Staff Report
- II. ITEM NUMBER: 7.b
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. SUMMARY:

- a) *Fiscal Services* – Improving and fixing processes was the focus in April. As the member audit project progressed, it became abundantly clear that the County's personnel system did not have correct date information for many employees. Since data is updated every payroll, this basically has the effect of hitting the "undo" button on member information every two weeks. Staff negotiated a change of access with the County Auditor which gives StanCERA the ability to permanently correct the data before it is received. Staff developed and provided a new contribution calculator to all the districts with computers, allowing them to analyze costs and determine correct amounts independently. With the announcement that Microsoft will no longer be supporting certain software, a new application server was purchased and our pension vendor and I.T. staff has begun the migration process.
- b) *Member & Employer Services* – During the past month, in addition to assisting multiple members at the counter and over the phone, Member and Employer Services staff has processed new hire paperwork on approximately 100 new members. They have also produced about 45 estimates and 35 buy back calculations. On May 6, 2015, staff presented the annual pre-retirement seminar which was enthusiastically attended by 162 members and spouses. Very positive feedback was received from the evaluations completed by attendees. Retirees received their annual cost of living adjustment on the payroll dated May 1, 2015. The COLA increased payroll by approximately \$213,000 monthly.
- c) *Investment Governance and Compliance* – The main focus this past month has been the RFP process for the Investment Consultant. Not only has staff been heavily involved in the evaluation process, but the entire evaluation team including 4 Trustees has spent much time on this project. The team has narrowed down the field to 3 and will do preliminary interviews on May 26<sup>th</sup>. The intent afterwards is to eliminate one and bring the remaining candidates to the full Board either late June or early July for the final selection.

VI. RISK: None

VII. STRATEGIC PLAN: Strategic Objective IV: Refine StanCERA's business and policy practices in ways that enhance stakeholder awareness, the delivery of member services and the ability of the Organization to administer the System effectively and efficiently

VIII. BUDGET IMPACT: None



\_\_\_\_\_  
Rick Santos, Executive Director



\_\_\_\_\_  
Kathy Herman, Fiscal Services Manager



\_\_\_\_\_  
Dawn Lea, Member and Employer Services Manager



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
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www.stancera.org  
e-mail: retirement@stancera.org

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## **May 26, 2015, Retirement Board meeting**

TO: Due Diligence Committee

FROM: Rick Santos, Executive Director

- I. SUBJECT: StanCERA Investment Manager Onsite Visits
- II. ITEM NUMBER: 8.a.1
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

In November of 2014, the Due Diligence Committee recommended and the full Board approved Policy related to StanCERA Investment Manager Onsite Visits. The rationale behind this policy was an understanding that these types of visits occur only once every 4 years and as such, a desire existed to spend the time onsite as efficiently and effectively as possible. This policy was borne mainly out of Strategic Objective II from StanCERA's 2014-2016 Strategic Objective Plan. This objective states:

*"Develop efficient and effective processes for the evaluation, monitoring and disposition of StanCERA's active managers"*

When drafting the policy, staff looked to the CFA Institute for recommendation. For onsite visits, CFA Institute recommends looking more at qualitative rather than quantitative issues. The rationale for this recommendation is that in general, governing bodies of institutional funds devote much time during the normal course of business discussing performance issues and as a result, a more efficient use of time onsite should be spent discussing qualitative issues. CFA Institute also recommends that the main purpose of onsite visits for continuing managers should be an investigation into uncovering warning signs of adverse changes within an existing manager's Organization.

The main purpose today should center around a discussion of whether the Committee feels anything has fundamentally changed in the manager's operations and if so, is the change significant and what are the likely ramifications of those changes. Another goal of this discussion and subsequent onsite visit is to pick up on any indication of future poor performance and to reassure StanCERA that we would again hire the manager in question today. If the Committee feels that further investigation of certain managers is warranted, then these issues should drive the discussion during the onsite visits.

Each manager has submitted large amounts of data to the Committee for review and to aid in this part of the diligence process.

- VI. RISK: None
- VII. STRATEGIC PLAN: Strategic Objective II: Develop efficient and effective processes for the evaluation, monitoring and disposition of StanCERA's active managers
- VIII. BUDGET IMPACT: None

A handwritten signature in blue ink, appearing to read "Rick Santos", is positioned above a horizontal line.

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Rick Santos, Executive Director

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**INVESTMENT PERFORMANCE SUMMARY**

**FIRST QUARTER 2015**

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333 BUSH STREET | SAN FRANCISCO | 94104 | 415.362.3484

- In the US, although the Federal Reserve removed the word “patient” from its statement, a data dependent Federal Reserve in no rush to tighten offset worries over the effects of declining oil prices on the energy sector. As a result, the S&P 500 rose 1.0% during the first quarter.
- The European Central Bank officially began purchasing sovereign debt under its quantitative easing program. This helped boost Europe ex-UK equities 5.5% during the first quarter.
- The euro fell 11.2% versus the dollar during the first quarter, driven by monetary policy divergence.
- Despite fears of rising defaults in the energy sector, lower-rated corporate bonds (BAA) rose 2.3% during the first quarter.
- The MSCI Emerging Markets Net Return Index rose 2.2% during the first quarter, driven by strong performance in emerging Asia.
- The State Street Investor Confidence Index® (ICI) measures risk appetite by analyzing buying and selling patterns of institutional investors. With confidence rising among North American institutions, the Global ICI rose 17.9 points during the quarter to 120.1, remaining above the neutral level of 100.
- For the period ending 3/31/15, the one quarter returns for the NAREIT Equity index and the NCREIF Property index (one quarter lag), are 4.8% and 3.0%; one-year, 24.0% and 11.8%; three-year, 14.2% and 11.1%; and five-year, 15.7% and 12.1%, respectively.
- The ratio of the S&P 500 price-to-earnings multiple to the REIT Adjusted Funds From Operations (“AFFO”) forward multiple declined to 0.70 from 0.73 the prior month. The historical average is 1.2.
- REIT dividend yields were 3.4% at the end of March. With the ten-year Treasury yield at 1.9%, the REIT dividend yield spread widened to 151 basis points, compared to the long-term average of 109 basis points.

- The composite fund returned 2.1% in the first quarter of 2015 and ranked in the 61<sup>st</sup> percentile among other public funds (2.2% median). The fund lagged its policy index (2.4%) during this time period. Longer term, the three and five-year returns of 11.2% and 10.2%, ranked above the median among public plans (9.5% and 9.1%, respectively).
- First quarter results were enhanced by the following factors:
  1. The BlackRock Russell 1000 Growth Index Fund returned 3.8% for the quarter and matched its benchmark. The large cap growth equity median return is 3.7%.
  2. The BlackRock Russell 1000 Value Index Fund (-0.7%) matched its benchmark return and placed behind its median large cap value manager return of 0.4%.
  3. Fund of funds manager Capital Prospects was ahead of its benchmark, the Russell 2000 Value Index (3.7% vs. 2.0%) and ranked in the 39<sup>th</sup> percentile among small cap value managers. Performance attribution came primarily from its Consumer Discretionary and Industrials stock picks. Pacific contributed the most, at 6.4%. Walthausen trailed during the quarter, at 0.2%. For the three-year period, Capital Prospects was in front of its benchmark (18.7% vs. 14.8%).
  4. Pyramis' return of 4.1% outperformed the MSCI ACWI ex US Index return of 3.6%. It placed below the median among ACWI ex US growth equity managers (4.2% median). Financials (Capitec, no holdings of Banco Santander), Healthcare (Santen Pharmaceutical, Astellas Pharma, Lupin, Valeant Pharmaceuticals) and Materials (Essentra) investments were additive. Its three-year results led its benchmark (8.1% vs. 6.9%).
  5. LSV (4.0%) was above par with the MSCI ACWI ex US (3.6%) and ranked 57<sup>th</sup> among ACWI ex US value equity managers (median of 4.2%). LSV carried relatively strong British and Swiss investments. Its value tilt was a negative factor. Over a three-year period, LSV (8.1%) surpassed its benchmark (6.9%).
  6. PIMCO returned 1.6% and the Barclays Aggregate Index added the same. The median core bond manager return was 1.8%. PIMCO's positions in select high yield financials and EM external debt heightened performance. Its yield curve and positions in TIPS and select taxable munis dragged on returns. Over three years, the portfolio returned above its benchmark but below its peer group median.

7. The combined Real Estate composite was ahead of the DJ US Select RESI (5.0% vs. 4.8%). The BlackRock US Real Estate Index Fund matched its benchmark (4.8%) and ranked in the third quartile among US REITs (median of 4.8%). In its first full quarter, American Strategic Value Realty Fund was up 6.1%, while the NCREIF Property Index was 3.6%. Greenfield Gap's one quarter lag return fell behind its benchmark, the NCREIF ODCE +1% Index (2.7% vs. 3.6%)

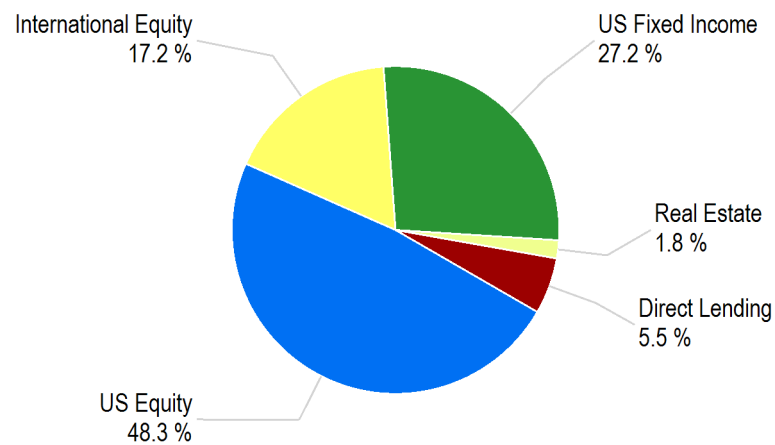
- First quarter results were hindered by the following factors:

1. The Mellon Capital S&P 500 Index Fund returned 0.9% for the quarter. The Fund was slightly lower than the S&P 500 Index (1.0%) and ranked below the median large cap core manager (1.8%).
2. Jackson Square returned 3.0%, compared unfavorably to the Russell 1000 Growth Index's (3.8%); it ranked in the third quartile among large cap growth managers. Below par Consumer Discretionary (Discovery Communications) and Info Tech (Yelp, Baidu, Microsoft) investments created negative performance alpha.
3. Dodge & Cox-Equity, -1.2%, ranked below the large cap value manager median of 0.4%. It was behind the Russell 1000 Value Index return of -0.7% during the quarter. Its significant exposure to the Info Tech sector and select Financials investments (Bank of America, MetLife) stalled results. Three year returns were in front of its benchmark (18.1% vs. 16.4%).
4. Fund of funds manager Legato Capital gained 5.8% for the quarter and ranked in the 58<sup>th</sup> percentile among other small cap growth managers (6.2% median). The Russell 2000 Growth Index returned 6.6%. The portfolio was slowed by its stock selection in the Consumer Discretionary and Industrials sectors. CasteArk appreciated the least, 3.7%, while Lee Munder gained the most, up 9.2% during the quarter. Over three years, Legato returned above its benchmark (18.6% vs. 17.7%).
5. The Dodge & Cox Bond 1.5% return lagged its benchmark, the Barclays Aggregate Index (1.6%), and ranked in the bottom quartile among core bond managers, median return of 1.8%. The portfolio's shorter relative duration hampered relative returns. D&C was up 4.7% for three years while its benchmark was up 3.1%.
6. The preliminary combined Direct Lending portfolio gained 0.9% and was below its target return of 9% per annum, or 2.2% per quarter. Quarterly returns for Medley, Raven and White Oak were 0.0%, 0.5% and 2.1%, respectively.



## Asset Allocation Analysis

As of March 31, 2015

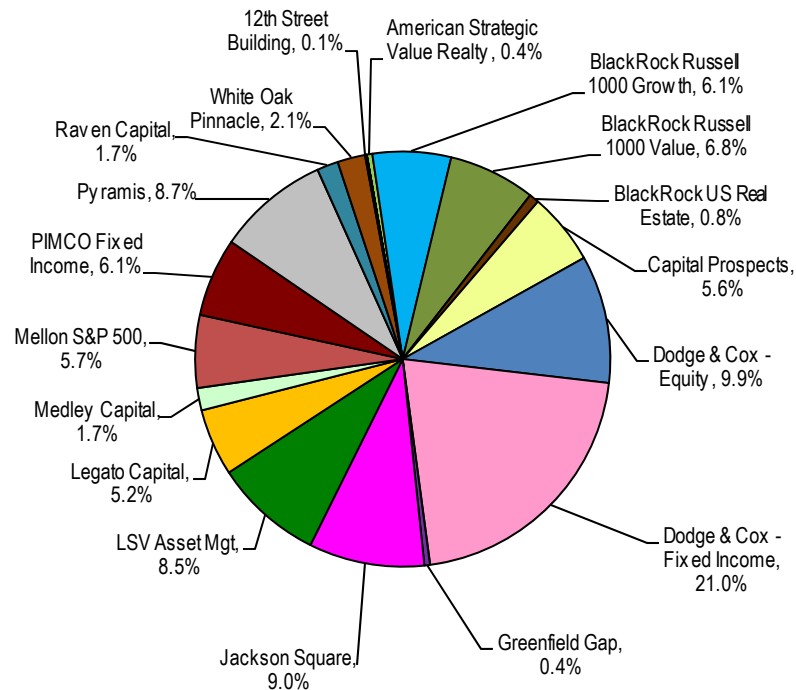


	Actual \$	Actual %
US Equity	\$881,603,478	48.3%
International Equity	\$313,902,989	17.2%
US Fixed Income	\$496,006,015	27.2%
Opportunistic	\$0	0.0%
Real Estate	\$32,550,809	1.8%
Direct Lending	\$101,302,312	5.5%
Cash	\$14,309	0.0%
Other	\$0	0.0%
<b>Total</b>	<b>\$1,825,379,912</b>	

# Stanislaus County Employees' Retirement Association

## Manager Allocation Analysis - Total Plan

As of March 31, 2015



Manager	Market Value	Current %
American Strategic Value Realty	\$ 7,973,478	0.4%
BlackRock Russell 1000 Growth	\$ 111,306,124	6.1%
BlackRock Russell 1000 Value	\$ 123,436,706	6.8%
BlackRock US Real Estate	\$ 14,098,032	0.8%
Capital Prospects	\$ 102,293,744	5.6%
Dodge & Cox - Equity	\$ 181,588,380	9.9%
Dodge & Cox - Fixed Income	\$ 384,240,594	21.0%
Greenfield Gap	\$ 7,979,172	0.4%
Jackson Square	\$ 164,352,777	9.0%
LSV Asset Mgt	\$ 154,532,774	8.5%
Legato Capital	\$ 95,396,145	5.2%
Medley Capital	\$ 31,752,243	1.7%
Mellon S&P 500	\$ 103,229,602	5.7%
PIMCO Fixed Income	\$ 111,765,421	6.1%
Pyramis	\$ 159,370,215	8.7%
Raven Capital	\$ 30,307,900	1.7%
White Oak Pinnacle	\$ 39,242,169	2.1%
12th Street Building	\$ 2,500,000	0.1%
Cash	\$ 14,309	0.0%
Invesco	\$ 127	0.0%
<b>Total</b>	<b>\$ 1,825,379,912</b>	<b>100.0%</b>

## Performance Summary

Periods Ending March 31, 2015

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
<b>Total Fund *</b>	<b>2.1</b>	<b>61</b>	<b>3.7</b>	<b>28</b>	<b>7.5</b>	<b>27</b>	<b>11.0</b>	<b>14</b>	<b>11.2</b>	<b>7</b>	<b>10.2</b>	<b>13</b>
<i>Policy Index <sup>1</sup></i>	<i>2.4</i>	<i>38</i>	<i>3.9</i>	<i>22</i>	<i>7.9</i>	<i>20</i>	<i>10.0</i>	<i>35</i>	<i>10.0</i>	<i>39</i>	<i>9.5</i>	<i>40</i>
<i>InvestorForce Public DB median</i>	<i>2.2</i>		<i>2.9</i>		<i>6.6</i>		<i>9.3</i>		<i>9.5</i>		<i>9.1</i>	
<b>US EQUITY MANAGERS</b>												
<b>LARGE CORE</b>												
Mellon S&P 500 - gross of fees	0.9	75	7.2	58	12.8	53	17.2	56	16.1	57	14.5	57
Mellon S&P 500 - net of fees	0.9		7.1		12.7		17.2		16.1		14.4	
<i>S&amp;P 500 Index</i>	<i>1.0</i>	<i>74</i>	<i>7.1</i>	<i>59</i>	<i>12.7</i>	<i>54</i>	<i>17.2</i>	<i>56</i>	<i>16.1</i>	<i>58</i>	<i>14.5</i>	<i>58</i>
<b>LARGE GROWTH</b>												
BlackRock Russell 1000 Growth - gross of fees	3.8	49	10.5	48	16.1	42	19.6	54	16.4	45		
BlackRock Russell 1000 Growth - net of fees	3.8		10.5		16.1		19.6		16.4			
Jackson Square - gross of fees	3.0	68	10.9	44	17.0	31	20.0	49	16.9	35	17.8	8
Jackson Square - net of fees	2.9		10.6		16.6		19.5		16.5		17.3	
<i>Russell 1000 Growth Index</i>	<i>3.8</i>	<i>47</i>	<i>10.4</i>	<i>49</i>	<i>16.1</i>	<i>42</i>	<i>19.6</i>	<i>54</i>	<i>16.3</i>	<i>45</i>	<i>15.6</i>	<i>44</i>
<b>LARGE VALUE</b>												
BlackRock Russell 1000 Value- gross of fees	-0.7	77	4.1	58	9.4	55	15.4	64	16.5	44	13.9	53
BlackRock Russell 1000 Value - net of fees	-0.7		4.1		9.4		15.3		16.5		13.8	
Dodge & Cox Equity - gross of fees	-1.2	86	2.3	79	7.1	81	16.9	40	18.1	22	14.1	46
Dodge & Cox Equity - net of fees	-1.2		2.2		6.9		16.7		17.9		13.9	
<i>Russell 1000 Value Index</i>	<i>-0.7</i>	<i>77</i>	<i>4.0</i>	<i>60</i>	<i>9.3</i>	<i>57</i>	<i>15.3</i>	<i>66</i>	<i>16.4</i>	<i>45</i>	<i>13.8</i>	<i>55</i>

Rankings: 1=highest, 100=lowest.

\* Managers are ranked against the eVestment Alliance (eA) style universes. Asset class composites are ranked against the InvestorForce universes.

<sup>1</sup> Effective 12/1/13, Policy Index is 37.3% Russell 1000 / 9.4% Russell 2000 / 18% MSCI ACWI ex US / 29.8% Barclays Aggregate / 1.5% DJ US Select RESI / 4% 9% -Annual.

## Performance Summary

Periods Ending March 31, 2015

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
SMALL GROWTH												
Legato Capital - gross of fees	5.8	58	9.9	42	8.2	60	18.6	53	18.6	34	17.0	54
Legato Capital - net of fees	5.6		9.4		7.5		17.9		17.9		16.1	
Russell 2000 Growth Index	6.6	45	10.2	37	12.1	25	19.4	48	17.7	46	16.6	60
SMALL VALUE												
Capital Prospects - gross of fees	3.7	39	4.7	42	8.3	38	15.7	51	18.7	23	15.8	33
Capital Prospects - net of fees	3.5		4.3		7.7		15.0		18.0		15.1	
Russell 2000 Value Index	2.0	74	2.0	65	4.4	69	13.2	77	14.8	70	12.5	85
US Equity Composite	1.8	68	6.8	62	11.2	62	17.8	28	17.4	12	15.4	17
80% R1000/20% R2000	2.1	51	7.1	49	11.9	43	17.3	46	16.5	38	15.0	32
Russell 3000 Index	1.8	71	7.1	45	12.4	29	17.4	43	16.4	40	14.7	48
InvestorForce All DB US Eq Gross Median	2.2		7.0		11.6		17.2		16.2		14.7	
INTERNATIONAL EQUITY MANAGERS												
LSV Asset Mgt - gross of fees	4.0	57	-5.7	77	-0.2	60	7.4	67	8.1	65	6.5	76
LSV Asset Mgt - net of fees	4.0		-5.9		-0.4		7.0		7.6		6.0	
Pyramis - gross of fees	4.1	55	-3.0	50	0.8	50	6.8	75	8.1	65	6.5	76
Pyramis - net of fees	4.0		-3.2		0.4		6.4		7.7		6.0	
International Equity Composite	4.1	55	-4.4	50	0.3	46	7.1	45	8.1	46	6.4	43
MSCI ACWI ex US Index	3.6	72	-5.5	74	-0.6	63	5.9	65	6.9	66	5.3	70
InvestorForce All DB ex-US Eq Gross Median	4.2		-4.4		0.1		6.8		7.8		6.2	

## Performance Summary

Periods Ending March 31, 2015

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
US FIXED INCOME MANAGER												
CORE												
Dodge & Cox Fixed - gross of fees	1.5	82	3.1	78	5.6	64	4.1	6	4.7	9	5.6	20
Dodge & Cox Fixed - net of fees	1.5		3.0		5.5		4.0		4.7		5.5	
PIMCO Fixed Income - gross of fees	1.6	70	2.9	82	5.0	84	2.0	91	3.2	76		
PIMCO Fixed Income - net of fees	1.5		2.8		4.8		1.7		2.9			
Barclays Aggregate Index	1.6	71	3.6	53	5.7	54	2.8	70	3.1	82	4.4	81
US Fixed Income Composite	1.5	70	3.0	52	5.4	48	3.6	40	4.4	49	5.4	57
Barclays Aggregate Index	1.6	67	3.6	39	5.7	43	2.8	64	3.1	82	4.4	81
InvestorForce All DB US Fix Inc Gross Median	1.8		3.1		5.4		3.2		4.3		5.6	
REAL ESTATE												
American Strategic Value Realty - gross of fees <sup>1</sup>	6.1											
American Strategic Value Realty - net of fees	5.0											
NCREIF Property Index	3.6											
BlackRock US Real Estate - gross of fees	4.8		16.9		25.3		14.4					
BlackRock US Real Estate - net of fees	4.8		16.9		25.3		14.3					
DJ US Select RESI TR USD	4.8		16.9		25.3		14.4					
eA US REIT Gross Accounts	4.8		17.1		25.7		15.3					
Greenfield Gap - gross of fees <sup>2</sup>	2.7											
Greenfield Gap - net of fees	2.2											
NCREIF ODCE + 1%	3.6											
Real Estate Composite	5.0		14.0		22.2		12.9		11.8		8.2	
DJ US Select RESI	4.8		17.0		25.3		14.4		15.2		13.6	
12th Street Building	0.0		0.0		-9.8		-5.0		-3.4		-2.0	

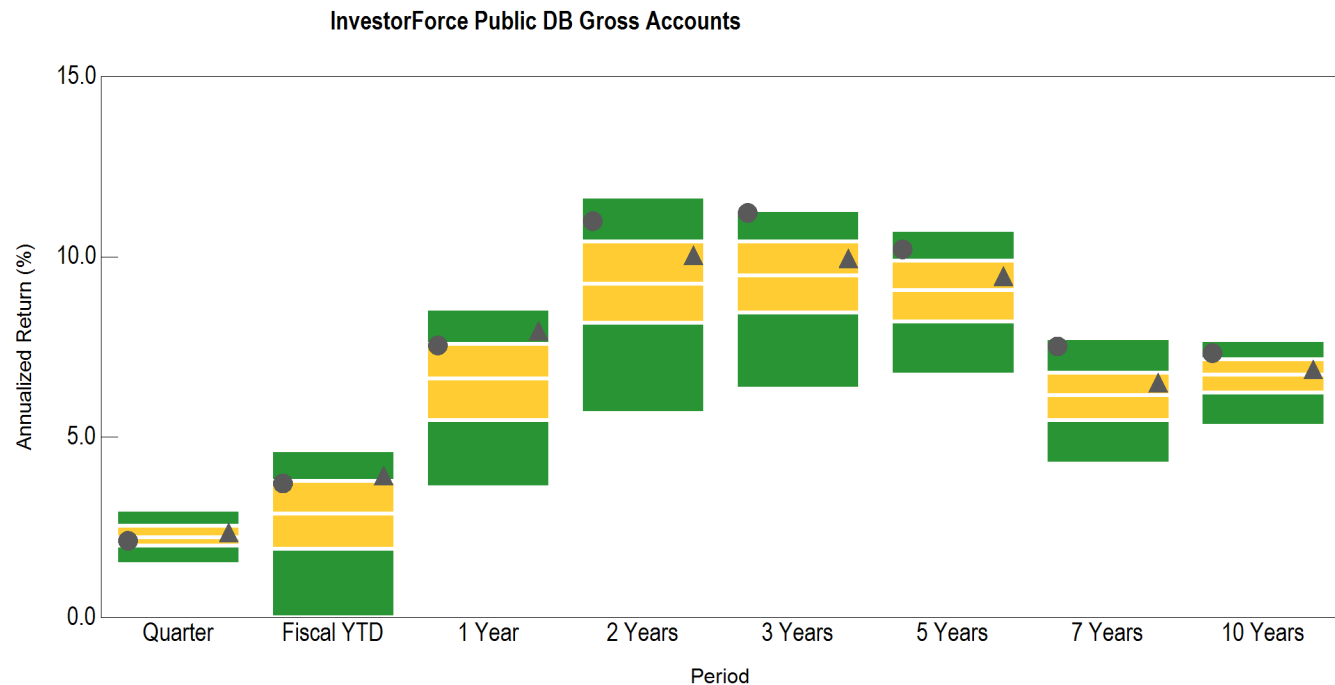
<sup>1</sup> Funded December 2014.<sup>2</sup> Funded July 2014.

## Performance Summary

Periods Ending March 31, 2015

	1 QTR	FISCAL YTD	1 YEAR	2 YEAR	3 YEAR	5 YEAR
<b>DIRECT LENDING**</b>						
Medley Capital	0.0	3.9	5.8			
Raven Capital	0.5	4.9	12.2			
White Oak Pinnacle	2.1	8.8	11.6			
<b>Direct Lending Composite</b>	<b>0.9</b>	<b>5.5</b>	<b>9.7</b>			
<i>9% Annual</i>	<i>2.2</i>	<i>6.7</i>	<i>9.0</i>			

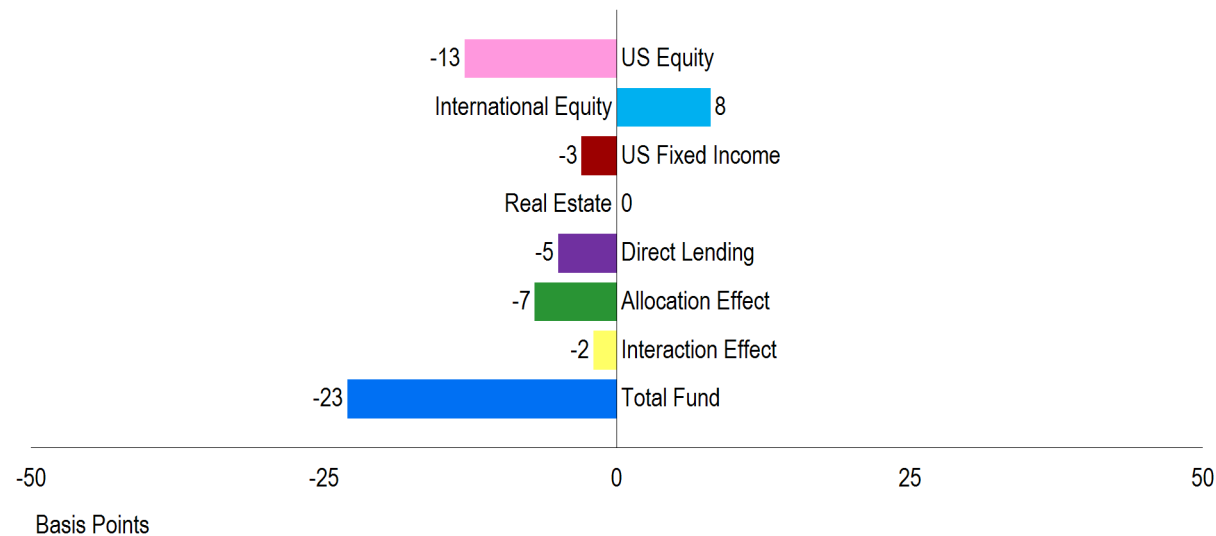
\*\* Direct Lending: Account valuations are estimates.



	Return (Rank)							
5th Percentile	3.0	4.6	8.6	11.7	11.3	10.7	7.7	7.7
25th Percentile	2.6	3.8	7.6	10.4	10.4	9.9	6.8	7.2
Median	2.2	2.9	6.6	9.3	9.5	9.1	6.2	6.7
75th Percentile	2.0	1.9	5.5	8.2	8.5	8.2	5.5	6.2
95th Percentile	1.5	0.0	3.6	5.7	6.4	6.7	4.3	5.3
# of Portfolios	297	289	287	274	262	228	208	182
● Total Fund	2.1 (61)	3.7 (28)	7.5 (27)	11.0 (14)	11.2 (7)	10.2 (13)	7.5 (8)	7.3 (17)
▲ Policy Index	2.4 (38)	3.9 (22)	7.9 (20)	10.0 (35)	10.0 (39)	9.5 (40)	6.5 (38)	6.9 (39)

## Performance Attribution - Total Plan

Quarter Ending March 31, 2015



## Attribution Summary

	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
US Equity	1.82%	2.14%	-0.31%	-0.13%	-0.03%	-0.01%	-0.17%
International Equity	4.07%	3.59%	0.48%	0.08%	-0.02%	0.00%	0.06%
US Fixed Income	1.55%	1.61%	-0.06%	-0.03%	-0.02%	0.01%	-0.04%
Real Estate	5.04%	4.81%	0.24%	0.00%	0.00%	0.00%	0.00%
Direct Lending	0.87%	2.18%	-1.31%	-0.05%	0.00%	-0.02%	-0.07%
<b>Total</b>	<b>2.13%</b>	<b>2.36%</b>	<b>-0.23%</b>	<b>-0.13%</b>	<b>-0.07%</b>	<b>-0.02%</b>	<b>-0.23%</b>

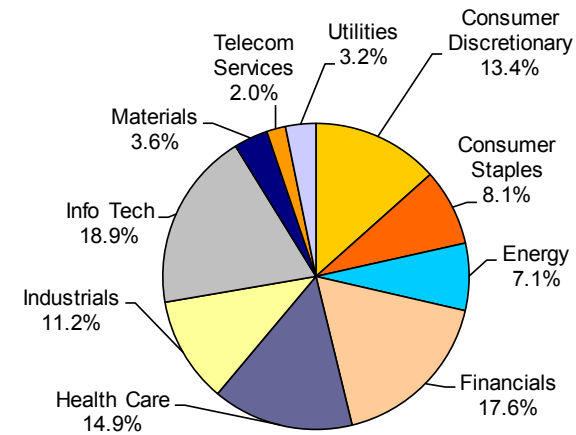


## U.S. MARKETS

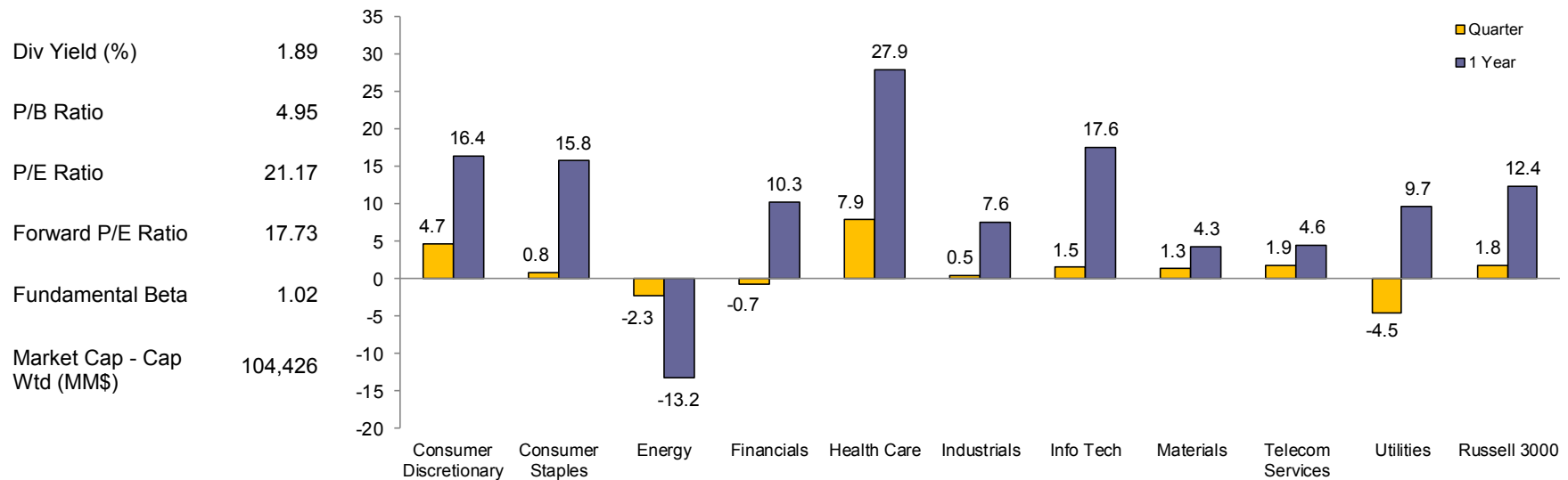
### U.S. Equity – Russell 3000

- Consumer discretionary and healthcare outperformed in the U.S., with the former returning 4.7% in the first quarter and latter returning 7.9%.
- The energy sector fell 2.3% in the first quarter, driven by the low price of oil.
- Overall, the Russell 3000 index rose 1.8% in the first quarter; the yearly return was 12.4%.

Ending Sector Weights



#### Characteristics

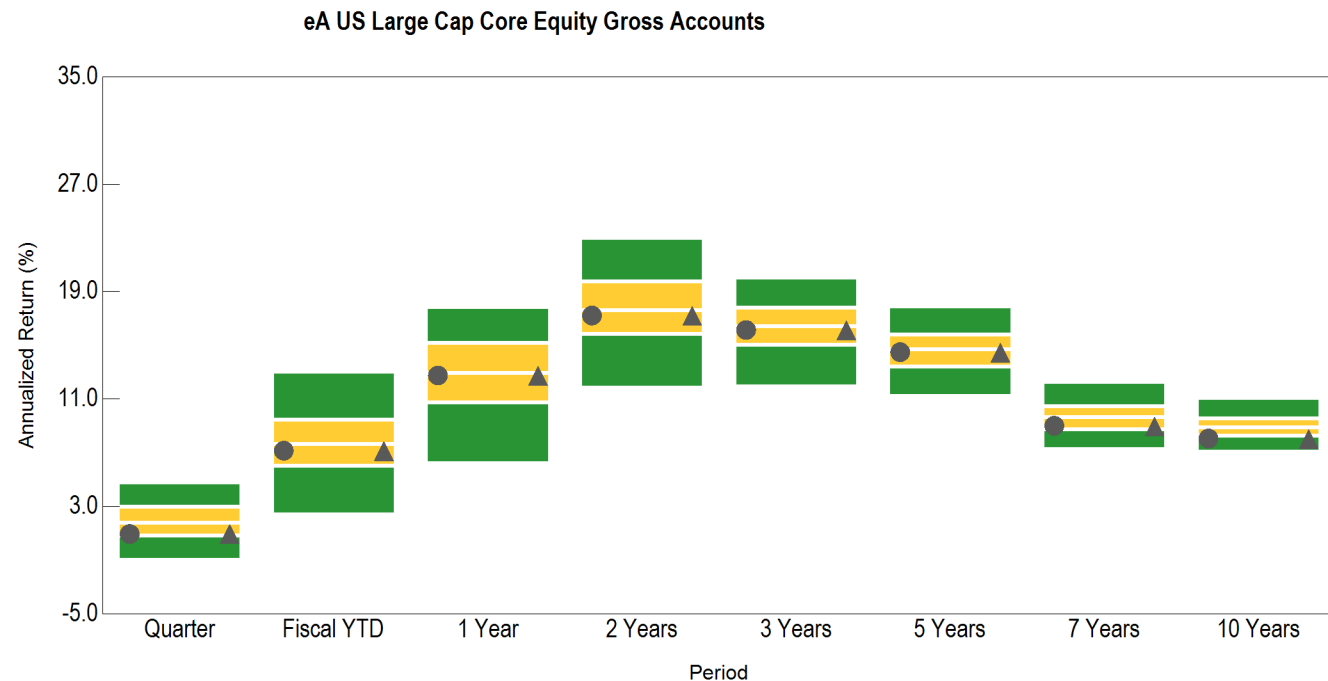


#### Contribution to Return:

Qtr	0.6	0.1	-0.2	-0.1	1.1	0.1	0.3	0.0	0.0	-0.1	1.8
1 Year	2.1	1.3	-1.2	1.8	3.6	0.9	3.2	0.2	0.1	0.3	12.4

## Total Returns - Large Cap Core Equity

Periods Ending March 31, 2015



## Return (Rank)

5th Percentile	4.7	13.0	17.8	23.0	20.0	17.9	12.2	11.0
25th Percentile	3.0	9.5	15.2	19.8	17.9	15.8	10.5	9.6
Median	1.8	7.7	13.0	17.7	16.5	14.7	9.7	8.9
75th Percentile	0.9	6.0	10.8	15.9	15.1	13.5	8.7	8.3
95th Percentile	-0.9	2.4	6.3	11.9	12.0	11.2	7.3	7.1
# of Portfolios	261	261	261	259	251	239	220	190
● Mellon S&P 500	0.9 (75)	7.2 (58)	12.8 (53)	17.2 (56)	16.1 (57)	14.5 (57)	9.0 (71)	8.1 (80)
▲ S&P 500	1.0 (74)	7.1 (59)	12.7 (54)	17.2 (56)	16.1 (58)	14.5 (58)	8.9 (73)	8.0 (82)

Stanislaus County Employees' Retirement Association

**Equity Only Summary Statistics - Mellon S&P 500**

Quarter Ending March 31, 2015

Characteristics	Portfolio	Russell 1000 Growth
Number of Holdings	678	679
Weighted Avg. Market Cap. (\$B)	122.2	122.2
Median Market Cap. (\$B)	9.0	9.0
Price To Earnings	25.7	23.9
Price To Book	7.0	6.8
Price To Sales	4.2	3.6
Return on Equity (%)	26.0	25.0
Yield (%)	1.5	1.5
Beta (holdings; domestic)	1.0	1.0

**Top Holdings**

APPLE	4.0%
EXXON MOBIL	1.9%
MICROSOFT	1.8%
JOHNSON & JOHNSON	1.5%
BERKSHIRE HATHAWAY 'B'	1.4%
WELLS FARGO & CO	1.4%
GENERAL ELECTRIC	1.4%
JP MORGAN CHASE & CO.	1.2%
PROCTER & GAMBLE	1.2%
PFIZER	1.2%

**Best Performers**

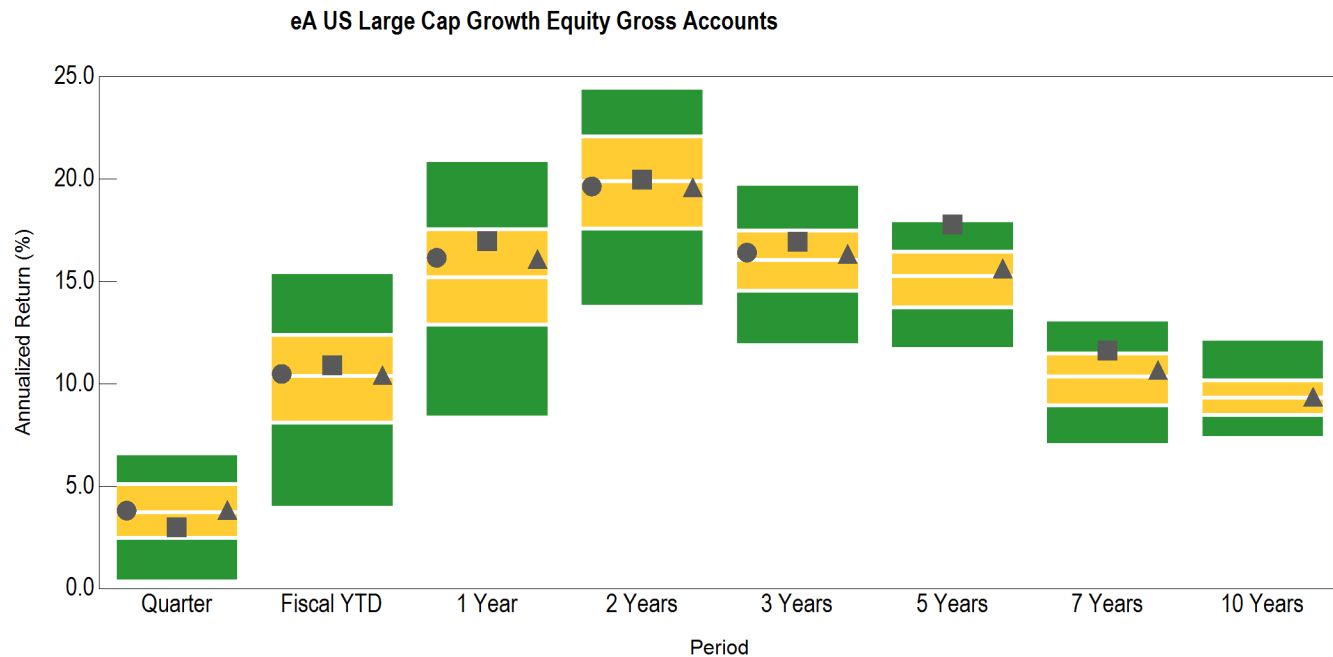
	Return %
HOSPIRA (HSP)	43.4%
KRAFT FOODS GROUP (KRFT)	39.0%
FIRST SOLAR (FSLR)	34.1%
BOSTON SCIENTIFIC (BSX)	34.0%
URBAN OUTFITTERS (URBN)	29.9%
VALERO ENERGY (VLO)	29.5%
NEWFIELD EXPLORATION (NFX)	29.4%
KOHL'S (KSS)	29.0%
VULCAN MATERIALS (VMC)	28.4%
MALLINCKRODT (MNK)	27.9%

**Worst Performers**

	Return %
SANDISK (SNDK)	-34.8%
ENSCO CLASS A (ESV)	-29.2%
RALPH LAUREN CL.A (RL)	-28.7%
CHESAPEAKE ENERGY (CHK)	-27.3%
DIAMOND OFFS.DRL. (DO)	-26.8%
FOSSIL GROUP (FOSL)	-25.5%
MATTEL (MAT)	-25.1%
NATIONAL OILWELL VARCO (NOV)	-23.0%
MICRON TECHNOLOGY (MU)	-22.5%
HEWLETT-PACKARD (HPQ)	-22.0%

## Total Returns - Large Cap Growth Equity

Periods Ending March 31, 2015



	Return (Rank)											
5th Percentile	6.6	15.4	20.9	24.4	19.8	18.0	13.1	12.2				
25th Percentile	5.1	12.4	17.6	22.1	17.5	16.5	11.5	10.2				
Median	3.7	10.4	15.2	19.9	16.1	15.3	10.4	9.3				
75th Percentile	2.5	8.1	12.9	17.6	14.5	13.8	9.0	8.5				
95th Percentile	0.4	4.0	8.4	13.8	11.9	11.7	7.0	7.4				
# of Portfolios	286	286	286	281	271	262	250	210				
● BlackRock Russell 1000 Growth	3.8 (49)	10.5 (48)	16.1 (42)	19.6 (54)	16.4 (45)	-- (--)	-- (--)	-- (--)				
■ Jackson Square	3.0 (68)	10.9 (44)	17.0 (31)	20.0 (49)	16.9 (35)	17.8 (8)	11.6 (22)	-- (--)				
▲ Russell 1000 Growth	3.8 (47)	10.4 (49)	16.1 (42)	19.6 (54)	16.3 (45)	15.6 (44)	10.7 (42)	9.4 (50)				

## Equity Only Summary Statistics - BlackRock Russell 1000 Growth

Quarter Ending March 31, 2015

Characteristics	Portfolio	Russell 1000 Growth
Number of Holdings	678	679
Weighted Avg. Market Cap. (\$B)	122.2	122.2
Median Market Cap. (\$B)	9.0	9.0
Price To Earnings	25.7	23.9
Price To Book	7.0	6.8
Price To Sales	4.2	3.6
Return on Equity (%)	26.0	25.0
Yield (%)	1.5	1.5
Beta (holdings; domestic)	1.0	1.0

## Top Holdings

APPLE	6.8%
MICROSOFT	2.0%
VERIZON COMMUNICATIONS	1.8%
FACEBOOK CLASS A	1.5%
COCA COLA	1.5%
GOOGLE 'A'	1.4%
GOOGLE 'C'	1.4%
HOME DEPOT	1.4%
WALT DISNEY	1.4%
INTERNATIONAL BUS.MCHS.	1.4%

## Best Performers

	Return %
PHARMACYCLICS (PCYC)	109.3%
INTERCEPT PHARMS. (ICPT)	80.8%
FREESCALE SEMICON. (FSL)	61.6%
SALIX PHARMS. (SLXP)	50.3%
TWITTER (TWTR)	39.6%
KRAFT FOODS GROUP (KRFT)	39.0%
NU SKIN ENTERPRISES 'A' (NUS)	38.6%
BIOMARIN PHARM. (BMRN)	37.9%
CENTENE (CNC)	36.1%
SKYWORKS SOLUTIONS (SWKS)	35.4%

## Worst Performers

	Return %
OCWEN FINANCIAL (OCN)	-45.4%
ZULILY CLASS A (ZU)	-44.5%
STRATASYS (SSYS)	-36.5%
SANDISK (SNDK)	-34.8%
RAYONIER ADV.D.MATERIALS (RYAM)	-32.9%
GOPRO CL.A (GPRO)	-31.3%
RALPH LAUREN CL.A (RL)	-28.7%
TIMKENSTEEL (TMST)	-28.2%
CHESAPEAKE ENERGY (CHK)	-27.3%
FOSSIL GROUP (FOSL)	-25.5%

# Stanislaus County Employees' Retirement Association

## Equity Only Summary Statistics - Jackson Square

Quarter Ending March 31, 2015

### Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	36	679
Weighted Avg. Market Cap. (\$B)	72.6	122.2
Median Market Cap. (\$B)	50.3	9.0
Price To Earnings	35.1	23.9
Price To Book	6.3	6.8
Price To Sales	6.2	3.6
Return on Equity (%)	22.0	25.0
Yield (%)	1.1	1.5
Beta (holdings; domestic)	1.0	1.0

### Top Holdings

QUALCOMM	5.8%
CELGENE	5.6%
VISA 'A'	5.0%
EBAY	4.7%
WALGREENS BOOTS ALLIANCE	4.6%
MASTERCARD	4.3%
EQUINIX	4.1%
LIBERTY INTACT.'A'	4.0%
CROWN CASTLE INTL.	3.7%
ACTAVIS	3.6%

### Best Performers

	Return %
VALEANT PHARMS. (NYS) INTL. (VRX)	38.8%
NOVO NORDISK 'B' ADR 1:1 (NVO)	28.1%
ELECTRONIC ARTS (EA)	25.1%
WILLIAMS (WMB)	14.0%
L BRANDS (LB)	12.0%
SALLY BEAUTY HOLDINGS (SBH)	11.8%
WALGREENS BOOTS ALLIANCE (WBA)	11.6%
TRIPADVISOR 'A' (TRIP)	11.4%
ALLERGAN (AGN)	9.5%
INTERCONTINENTAL EX. (ICE)	6.7%

### Worst Performers

	Return %
WYNN RESORTS (WYNN)	-14.5%
YELP CLASS A (YELP)	-13.5%
DISCOVERY COMMS.'C' (DISCK)	-12.6%
MICROSOFT (MSFT)	-11.9%
DISCOVERY COMMS.'A' (DISCA)	-10.7%
BAIDU 'A' ADR 10:1 (BIDU)	-8.6%
QUALCOMM (QCOM)	-6.2%
PERRIGO (PRGO)	-0.9%
LIBERTY INTACT.'A' (QVCA)	-0.8%
EOG RES. (EOG)	-0.2%

## Equity Sector Attribution - Jackson Square

Quarter Ending March 31, 2015

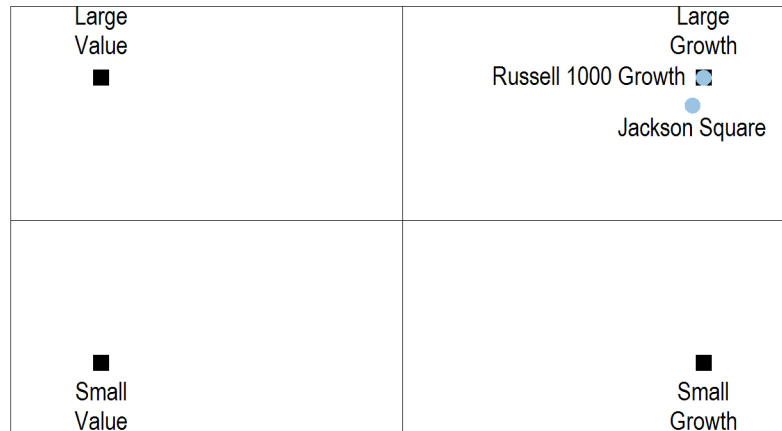
## Jackson Square Performance Attribution vs. Russell 1000 Growth

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.0%	0.1%	0.0%	0.0%	4.6%	3.3%	9.0%	4.5%			
Materials	0.1%	--	0.1%	--	--	1.5%	0.0%	4.0%			
Industrials	0.4%	--	0.4%	--	--	0.3%	0.0%	12.2%			
Cons. Disc.	-0.7%	-0.7%	0.0%	0.0%	0.5%	4.6%	18.4%	18.7%			
Cons. Staples	0.3%	0.8%	0.0%	-0.5%	11.6%	4.1%	5.3%	10.5%			
Health Care	0.8%	0.6%	0.0%	0.1%	11.0%	6.9%	16.0%	14.2%			
Financials	0.4%	0.4%	-0.1%	0.1%	6.8%	0.5%	7.3%	5.4%			
Info. Tech	-1.9%	-1.2%	0.1%	-0.7%	-0.2%	4.1%	44.0%	28.3%			
Telecomm.	0.0%	--	0.0%	--	--	5.1%	0.0%	2.1%			
Utilities	0.0%	--	0.0%	--	--	-5.7%	0.0%	0.1%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.0%	0.0%			
Portfolio	-0.5%	=	-0.2%	+	0.5%	+	-0.8%	3.3%	3.8%	100.0%	100.0%

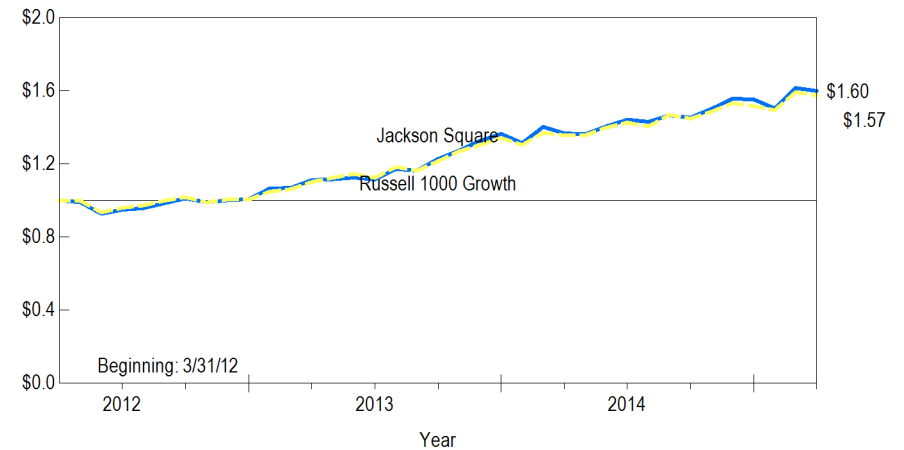
## Return Based Style Analysis - Jackson Square

3 Years Ending March 31, 2015

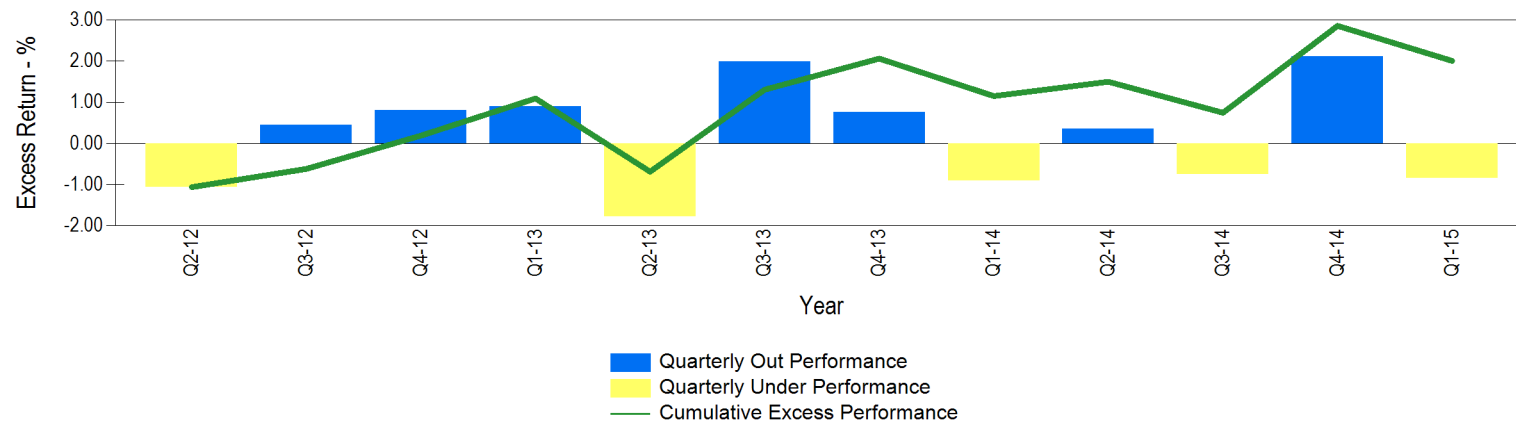
US Effective Style Map



Growth of a Dollar



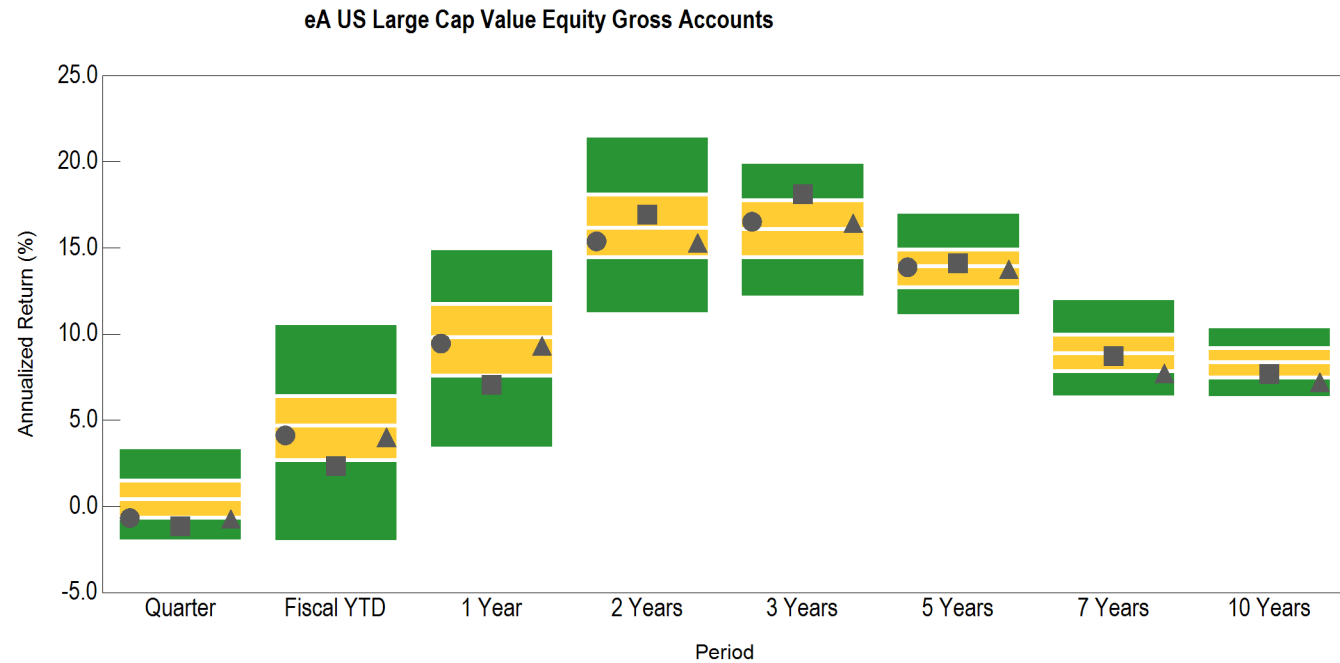
Quarterly and Cumulative Excess Performance





## Total Returns - Large Cap Value Equity

Periods Ending March 31, 2015



	Return (Rank)							
5th Percentile	3.4	10.6	15.0	21.5	20.0	17.1	12.1	10.4
25th Percentile	1.5	6.4	11.8	18.1	17.8	14.9	10.0	9.2
Median	0.4	4.7	9.8	16.2	16.1	14.0	8.9	8.4
75th Percentile	-0.6	2.7	7.6	14.5	14.5	12.7	7.9	7.5
95th Percentile	-2.0	-2.1	3.4	11.2	12.1	11.1	6.4	6.3
# of Portfolios	308	308	308	306	301	291	274	234
● BlackRock Russell 1000 Value	-0.7 (77)	4.1 (58)	9.4 (55)	15.4 (64)	16.5 (44)	13.9 (53)	-- (--)	-- (--)
■ Dodge & Cox-Equity	-1.2 (86)	2.3 (79)	7.1 (81)	16.9 (40)	18.1 (22)	14.1 (46)	8.7 (55)	7.7 (72)
▲ Russell 1000 Value	-0.7 (77)	4.0 (60)	9.3 (57)	15.3 (66)	16.4 (45)	13.8 (55)	7.7 (80)	7.2 (82)

## Equity Only Summary Statistics - BlackRock Russell 1000 Value

Quarter Ending March 31, 2015

## Characteristics

	Portfolio	Russell 1000 Value
Number of Holdings	0	700
Weighted Avg. Market Cap. (\$B)		101.4
Median Market Cap. (\$B)		7.6
Price To Earnings		20.6
Price To Book		2.4
Price To Sales		2.4
Return on Equity (%)		12.3
Yield (%)		2.3
Beta (holdings; domestic)		1.0

## Top Holdings

MICROSOFT	1.5%
BNP DAX TRS 13P	1.4%
EBAY	1.1%
APPLE	1.1%
QUALCOMM	1.1%
CELGENE	1.0%
VISA 'A'	1.0%
WELLS FARGO & CO	0.9%
WALGREENS BOOTS ALLIANCE	0.8%
MASTERCARD	0.8%

## Best Performers

	Return %
FREESCALE SEMICON. (FSL)	61.6%
HOSPIRA (HSP)	43.4%
ORBITAL ATK (OA)	41.8%
EXELIS (XLS)	39.6%
CALIFORNIA RESOURCES (CRC)	38.3%
FIRST SOLAR (FSLR)	34.1%
BOSTON SCIENTIFIC (BSX)	34.0%
URBAN OUTFITTERS (URBN)	29.9%
PENNEY JC (JCP)	29.8%
MSCI (MSCI)	29.6%

## Worst Performers

	Return %
APOLLO EDUCATION GP.'A' (APOL)	-44.5%
TIDEWATER (TDW)	-40.4%
STRATASYS (SSYS)	-36.5%
PEABODY ENERGY (BTU)	-36.4%
SANDISK (SNDK)	-34.8%
RAYONIER ADV.D.MATERIALS (RYAM)	-32.9%
CLIFFS NATURAL RESOURCES (CLF)	-32.6%
GOPRO CL.A (GPRO)	-31.3%
DEVRY EDUCATION GROUP (DV)	-29.7%
RALPH LAUREN CL.A (RL)	-28.7%

Stanislaus County Employees' Retirement Association

**Equity Only Summary Statistics - Dodge & Cox Equity**

Quarter Ending March 31, 2015

**Characteristics**

	Portfolio	Russell 1000 Value
Number of Holdings	66	700
Weighted Avg. Market Cap. (\$B)	101.5	101.4
Median Market Cap. (\$B)	41.0	7.6
Price To Earnings	19.1	20.6
Price To Book	2.7	2.4
Price To Sales	2.3	2.4
Return on Equity (%)	15.0	12.3
Yield (%)	1.9	2.3
Beta (holdings; domestic)	1.2	1.0

**Top Holdings**

WELLS FARGO & CO	4.2%
CAPITAL ONE FINL.	4.0%
NOVARTIS 'B' SPN.ADR 1:1	3.8%
HEWLETT-PACKARD	3.7%
MICROSOFT	3.6%
TIME WARNER	3.4%
CHARLES SCHWAB	3.0%
TIME WARNER CABLE	3.0%
SCHLUMBERGER	2.9%
BANK OF NEW YORK MELLON	2.8%

**Best Performers**

	Return %
CIGNA (CI)	25.8%
UNITEDHEALTH GROUP (UNH)	17.4%
ADT (ADT)	15.3%
SPRINT (S)	14.2%
BAKER HUGHES (BHI)	13.7%
TE CONNECTIVITY (TEL)	13.7%
PFIZER (PFE)	12.7%
LIBERTY VENTURES 'A' (LVNTA)	11.4%
COACH (COH)	11.2%
MAXIM INTEGRATED PRDS. (MXIM)	10.1%

**Worst Performers**

	Return %
NATIONAL OILWELL VARCO (NOV)	-23.0%
HEWLETT-PACKARD (HPQ)	-22.0%
NOW (DNO)	-15.9%
AOL (AOL)	-14.2%
NETAPP (NTAP)	-14.1%
BANK OF AMERICA (BAC)	-13.7%
EMC (EMC)	-13.7%
MICROSOFT (MSFT)	-11.9%
TWENTY-FIRST CENTURY FOX CL.A (FOXA)	-11.5%
SYMANTEC (SYMC)	-8.4%

## Equity Sector Attribution - Dodge &amp; Cox Equity

Quarter Ending March 31, 2015

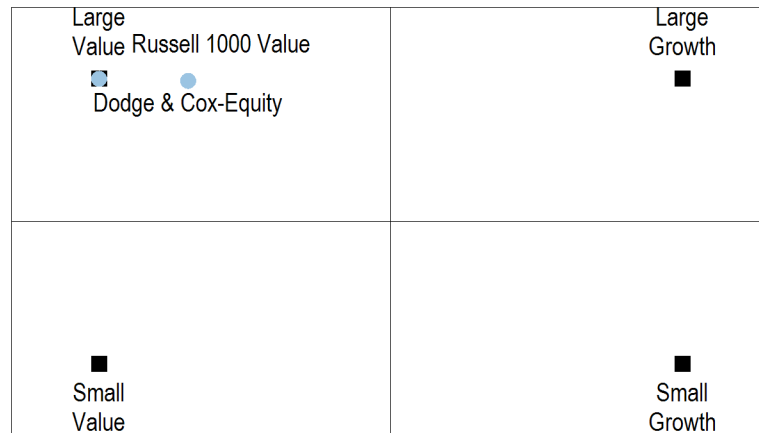
## Dodge &amp; Cox-Equity Performance Attribution vs. Russell 1000 Value

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.3%	0.3%	0.1%	-0.1%	-2.1%	-4.6%	8.3%	11.3%			
Materials	-0.1%	-0.2%	0.0%	0.1%	-6.4%	0.6%	1.1%	3.0%			
Industrials	-0.1%	-0.1%	0.0%	0.0%	-0.9%	0.0%	7.1%	10.1%			
Cons. Disc.	-0.4%	-0.3%	0.5%	-0.5%	-0.8%	4.5%	15.9%	6.6%			
Cons. Staples	0.1%	0.0%	0.1%	0.0%	-3.6%	-2.8%	2.7%	7.4%			
Health Care	0.5%	0.3%	0.2%	0.0%	10.0%	7.9%	15.5%	13.7%			
Financials	-0.3%	-0.4%	0.0%	0.0%	-2.7%	-1.2%	24.6%	29.9%			
Info. Tech	-0.8%	0.1%	-0.9%	0.1%	-6.5%	-7.0%	24.5%	9.5%			
Telecomm.	0.1%	0.3%	0.0%	-0.3%	14.2%	-1.3%	0.4%	2.1%			
Utilities	0.3%	--	0.3%	--	--	-5.1%	0.0%	6.4%			
Cash	0.0%	0.0%	0.0%	0.0%	0.0%	--	0.0%	0.0%			
Portfolio	-0.5%	=	-0.1%	+	0.1%	+	-0.5%	-1.2%	-0.7%	100.0%	100.0%

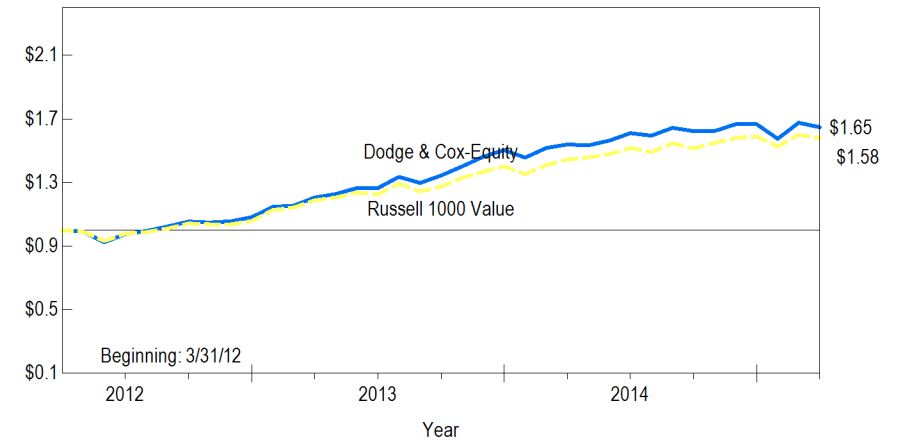
## Return Based Style Analysis - Dodge & Cox Equity

3 Years Ending March 31, 2015

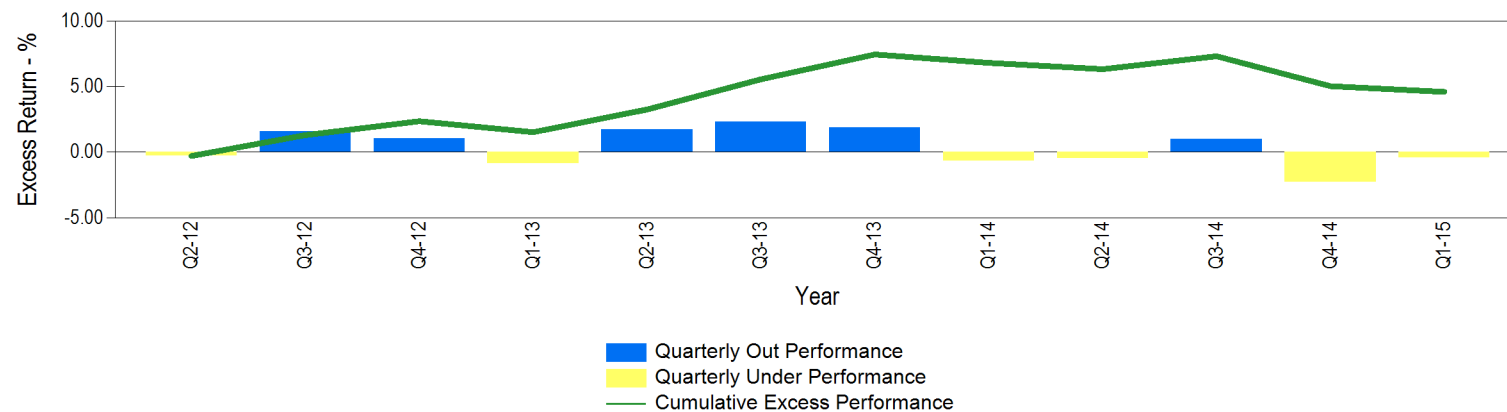
US Effective Style Map



Growth of a Dollar

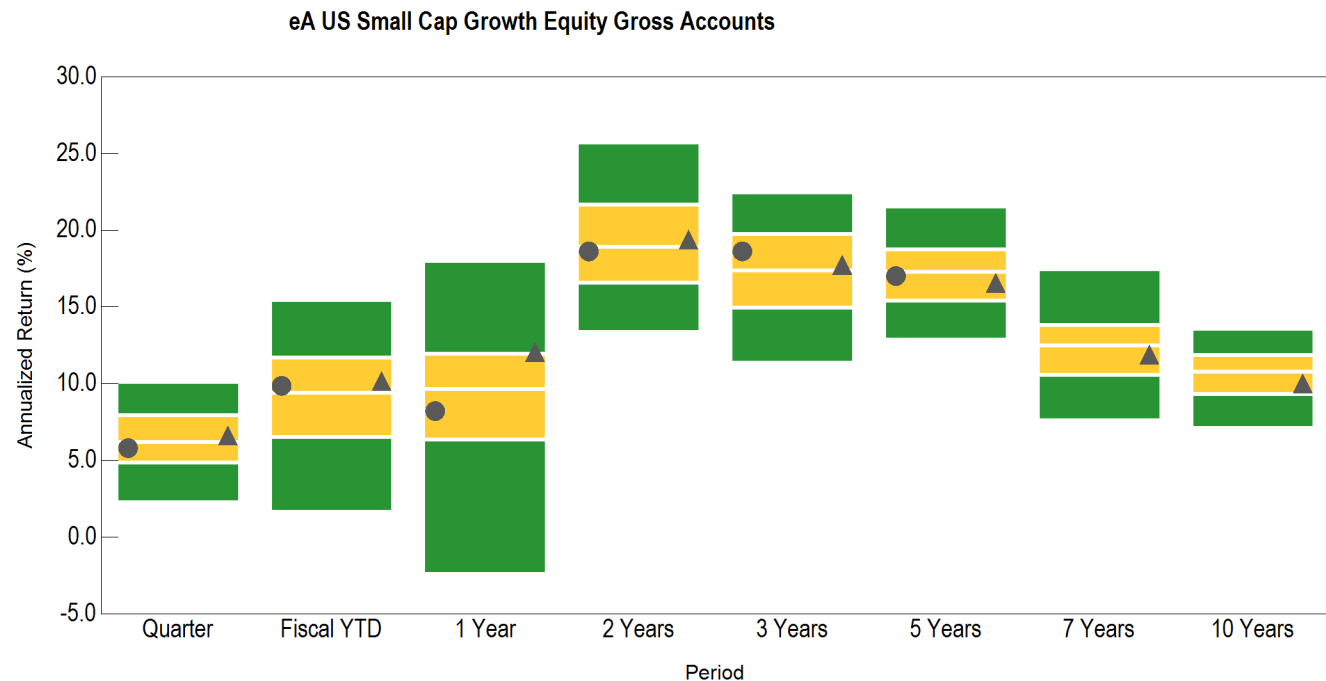


Quarterly and Cumulative Excess Performance



## Total Returns - Small Cap Growth Equity

Periods Ending March 31, 2015



	Return (Rank)							
5th Percentile	10.1	15.4	18.0	25.7	22.4	21.5	17.4	13.6
25th Percentile	8.0	11.7	12.0	21.7	19.8	18.8	13.9	11.9
Median	6.2	9.4	9.7	18.9	17.4	17.3	12.5	10.8
75th Percentile	4.9	6.6	6.4	16.6	15.0	15.4	10.6	9.3
95th Percentile	2.3	1.7	-2.4	13.4	11.4	12.9	7.6	7.2
# of Portfolios	163	163	163	158	154	147	138	118
● Legato Capital	5.8 (58)	9.9 (42)	8.2 (60)	18.6 (53)	18.6 (34)	17.0 (54)	-- (--)	-- (--)
▲ Russell 2000 Growth	6.6 (45)	10.2 (37)	12.1 (25)	19.4 (48)	17.7 (46)	16.6 (60)	11.9 (56)	10.0 (67)

# Stanislaus County Employees' Retirement Association

## Equity Only Summary Statistics - Legato Capital

Quarter Ending March 31, 2015

### Characteristics

	Portfolio	Russell 2000 Growth
Number of Holdings	428	1,188
Weighted Avg. Market Cap. (\$B)	2.1	2.4
Median Market Cap. (\$B)	1.4	0.9
Price To Earnings	35.0	30.7
Price To Book	5.2	5.3
Price To Sales	3.6	3.3
Return on Equity (%)	14.4	16.6
Yield (%)	0.4	0.5
Beta (holdings; domestic)	1.2	1.3

### Top Holdings

SYNCHRONOSS TECHNOLOGIES	2.0%
CONSTANT CONTACT	1.9%
AMSURG	1.8%
LIFELOCK	1.7%
CARDTRONICS	1.3%
STAMPS.COM	1.3%
FLEETMatics GROUP	1.2%
ADVISORY BOARD	1.2%
SHUTTERFLY	1.1%
ECHO GLOBAL LOGISTICS	1.0%

### Best Performers

	Return %
EAGLE PHARMACEUTICALS (EGRX)	170.3%
CELLULAR DYNAMICS INTL. (ICEL)	155.5%
CYTORI THERAPEUTICS (CYTX)	141.5%
ESPERION THERAPEUTICS (ESPR)	129.0%
EGALET (EGLT)	127.2%
AMPIO PHARMACEUTICALS (AMPE)	119.5%
FOUNDATION MEDICINE (FMI)	116.5%
FAIRWAY GROUP HOLDINGS CL.A (FWM)	114.9%
ZIOPHARM ONCOLOGY (ZIOP)	112.4%
HORIZON PHARMA (HZNP)	101.5%

### Worst Performers

	Return %
CORPORATE RESOURCE SVS. (CRRS)	-98.4%
BPZ RESOURCES (BPZRQ)	-90.9%
QUICKSILVER RES. (KWKAQ)	-87.6%
FXCM CLASS A (FXCM)	-87.1%
SPEED COMMERCE (SPDC)	-79.3%
WEIGHTWATCHERS INTL. (WTW)	-71.9%
TCP INTL.HOLDINGS (TCPI)	-70.1%
OHR PHARMACEUTICAL (OHRP)	-69.5%
CTPARTNERS EXEC.SEARCH (CTP)	-66.6%
EHEALTH (EHTH)	-62.4%

## Equity Sector Attribution - Legato Capital

Quarter Ending March 31, 2015

## Legato Capital Performance Attribution vs. Russell 2000 Growth

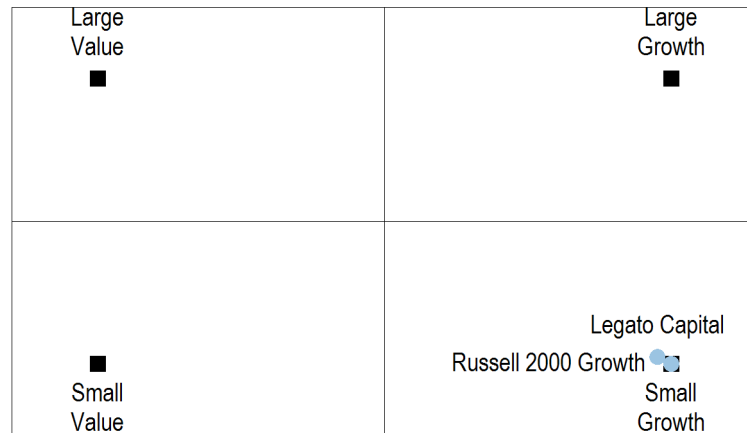
	Attribution Effects						Returns		Sector Weights		
	Total Effects		Selection Effect		Allocation Effect		Interaction Effects		Portfolio	Benchmark	
Energy	-0.2%		-0.2%		0.0%		0.0%	3.1%	8.8%	2.0%	2.9%
Materials	0.2%		-0.2%		0.2%		0.1%	-3.7%	-0.4%	1.1%	4.6%
Industrials	-0.5%		-0.5%		0.0%		0.0%	-0.1%	3.0%	14.8%	14.5%
Cons. Disc.	-0.7%		-0.7%		0.0%		0.0%	1.2%	5.8%	16.4%	15.6%
Cons. Staples	-0.2%		-0.1%		0.0%		0.0%	-4.6%	-1.5%	4.5%	3.8%
Health Care	0.2%		0.1%		0.1%		0.0%	12.8%	12.7%	26.3%	24.0%
Financials	0.1%		-0.1%		0.1%		0.1%	2.1%	3.3%	4.5%	7.8%
Info. Tech	0.5%		0.4%		0.0%		0.0%	8.0%	6.2%	28.2%	25.8%
Telecomm.	0.0%		0.0%		-0.1%		0.0%	-1.2%	-3.2%	1.2%	0.8%
Utilities	0.0%		0.0%		0.0%		0.0%	10.6%	18.5%	0.0%	0.2%
Cash	0.0%		0.0%		0.0%		0.0%	0.0%	--	1.0%	0.0%
Portfolio	-0.6%	=	-1.2%	+	0.3%	+	0.2%	5.8%	6.4%	100.0%	100.0%



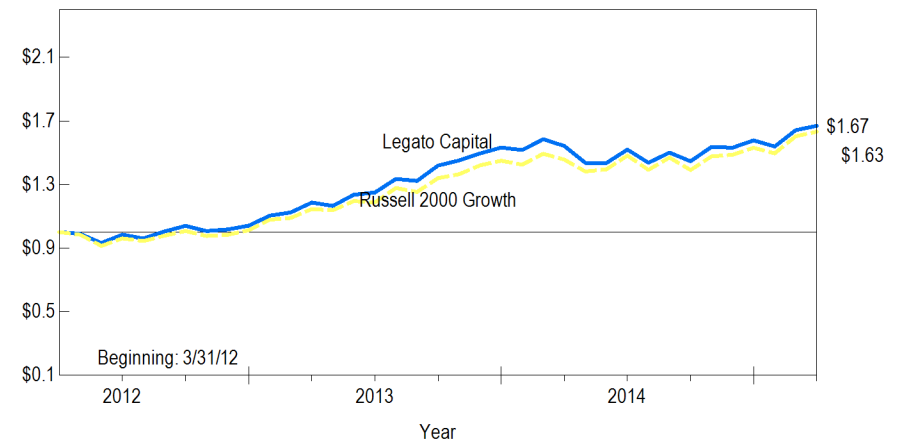
## Return Based Style Analysis - Legato Capital

3 Years Ending March 31, 2015

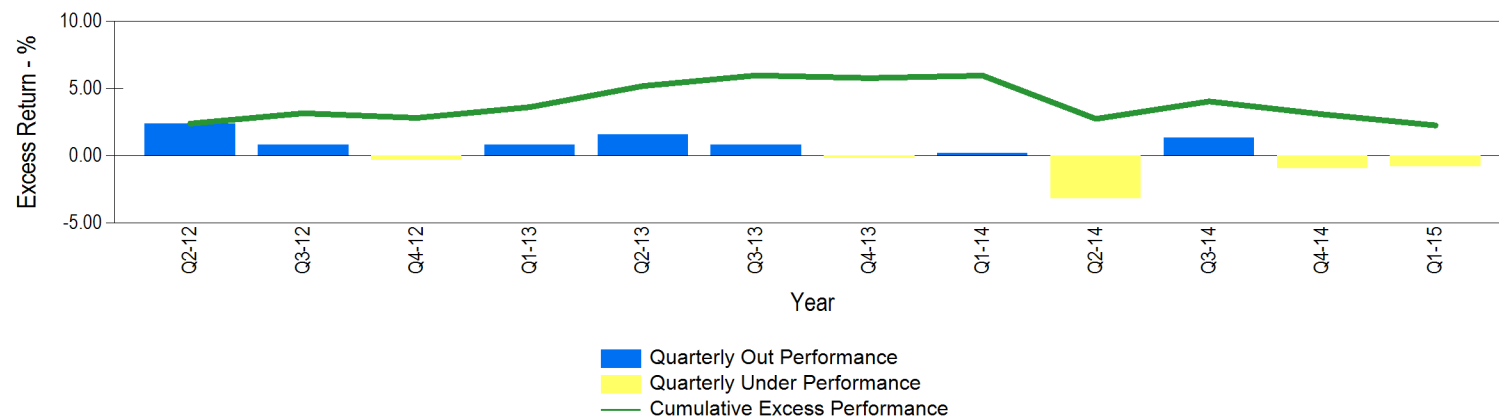
U.S. Effective Style Map



Growth of a Dollar

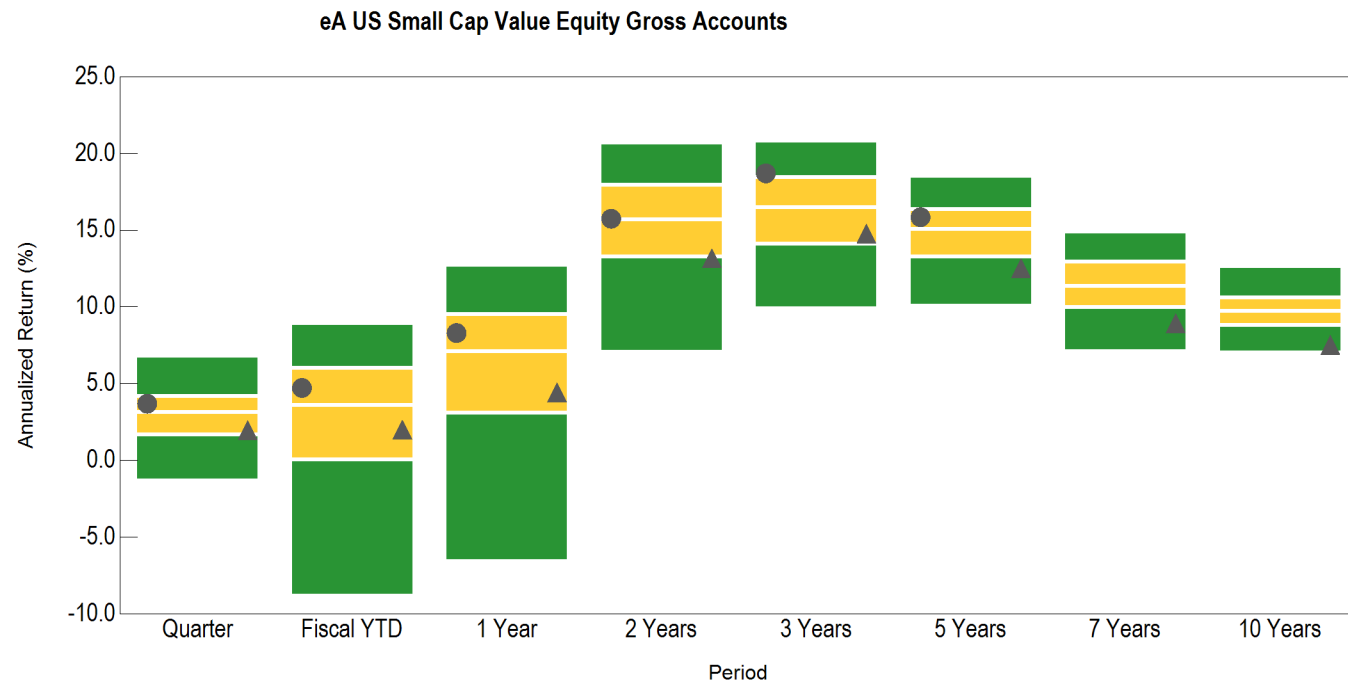


Quarterly and Cumulative Excess Performance



## Total Returns - Small Cap Value Equity

Periods Ending March 31, 2015



5th Percentile  
25th Percentile  
Median  
75th Percentile  
95th Percentile  
# of Portfolios

● Capital Prospects  
▲ Russell 2000 Value

## Return (Rank)

6.8	8.9	12.7	20.7	20.8	18.5	14.9	12.6
4.2	6.1	9.6	18.0	18.5	16.4	13.0	10.7
3.2	3.6	7.1	15.8	16.5	15.1	11.4	9.8
1.7	0.1	3.1	13.3	14.2	13.3	10.0	8.9
-1.3	-8.8	-6.5	7.1	9.9	10.1	7.1	7.1
203	203	203	201	198	191	178	151
3.7 (39)	4.7 (42)	8.3 (38)	15.7 (51)	18.7 (23)	15.8 (33)	-- (--)	-- (--)
2.0 (74)	2.0 (65)	4.4 (69)	13.2 (77)	14.8 (70)	12.5 (85)	8.9 (87)	7.5 (93)

Stanislaus County Employees' Retirement Association

**Equity Only Summary Statistics - Capital Prospects**

Quarter Ending March 31, 2015

**Characteristics**

	Portfolio	Russell 2000 Value
Number of Holdings	317	1,357
Weighted Avg. Market Cap. (\$B)	2.2	1.8
Median Market Cap. (\$B)	1.3	0.6
Price To Earnings	24.7	22.3
Price To Book	2.6	1.8
Price To Sales	1.9	2.5
Return on Equity (%)	12.1	7.8
Yield (%)	1.7	1.7
Beta (holdings; domestic)	1.3	1.3

**Top Holdings**

HILLENBRAND	1.4%
REGAL BELOIT	1.4%
LITTELFUSE	1.2%
CINEMARK HOLDINGS	1.1%
MB FINANCIAL	1.0%
AMERICAN EQ.INV.LF.HLDG.	1.0%
STEELCASE 'A'	1.0%
VERINT SYSTEMS	0.9%
FIRST AMER.FINL.	0.9%
BELDEN	0.9%

**Best Performers**

	Return %
GORDMANS STORES (GMAN)	204.0%
CAMBREX (CBM)	83.3%
ROCKY BRANDS (RCKY)	61.8%
BARRETT BUS.SVS. (BBSI)	57.2%
NORTH AMER.PALLADIUM (C:PDL)	56.4%
ALMOST FAMILY (AFAM)	54.4%
PATRICK INDUSTRIES (PATK)	41.6%
SANCHEZ ENERGY (SN)	40.0%
EXELIS (XLS)	39.6%
KMG CHEMICALS (KMG)	33.8%

**Worst Performers**

	Return %
SONUS NETWORKS (SONS)	-60.3%
MAGNACHIP SEMICONDUCTOR (MX)	-57.9%
PETROQUEST ENERGY (PQ)	-38.5%
RAYONIER ADV.D.MATERIALS (RYAM)	-32.9%
CLIFFS NATURAL RESOURCES (CLF)	-32.6%
PAR TECHNOLOGY (PAR)	-31.9%
HELIX ENERGY SLTN.GP. (HLX)	-31.1%
BEL FUSE 'B' (BELFB)	-30.2%
STERLING CONSTRUCTION (STRL)	-29.3%
REX ENERGY (REXX)	-27.1%

## Equity Sector Attribution - Capital Prospects

Quarter Ending March 31, 2015

## Capital Prospects Performance Attribution vs. Russell 2000 Value

	Attribution Effects							Returns		Sector Weights		
	Total		Selection		Allocation		Interaction		Portfolio	Benchmark	Portfolio	Benchmark
	Effects		Effect		Effect		Effects					
Energy	0.2%		0.2%		0.1%		-0.1%		-3.7%	-7.2%	3.2%	4.1%
Materials	-0.1%		0.0%		0.0%		-0.1%		0.6%	1.9%	7.4%	4.4%
Industrials	0.5%		0.3%		0.0%		0.2%		4.1%	2.0%	23.0%	12.9%
Cons. Disc.	1.0%		0.8%		0.1%		0.2%		11.0%	4.3%	14.6%	11.7%
Cons. Staples	0.0%		0.0%		0.0%		0.0%		2.1%	2.3%	2.6%	2.9%
Health Care	0.3%		0.2%		0.0%		0.0%		14.4%	10.1%	5.7%	5.5%
Financials	0.1%		-0.1%		0.1%		0.0%		1.1%	1.3%	26.2%	40.9%
Info. Tech	0.0%		0.0%		0.0%		0.0%		2.2%	2.2%	14.1%	10.0%
Telecomm.	0.0%		-0.1%		0.0%		0.1%		-15.8%	2.1%	0.1%	0.8%
Utilities	0.1%		-0.1%		0.1%		0.1%		-1.3%	0.4%	3.1%	6.9%
Cash	0.0%		0.0%		0.0%		0.0%		0.0%	--	0.0%	0.0%
Portfolio	1.9%	=	1.1%	+	0.4%	+	0.4%		3.9%	2.0%	100.0%	100.0%

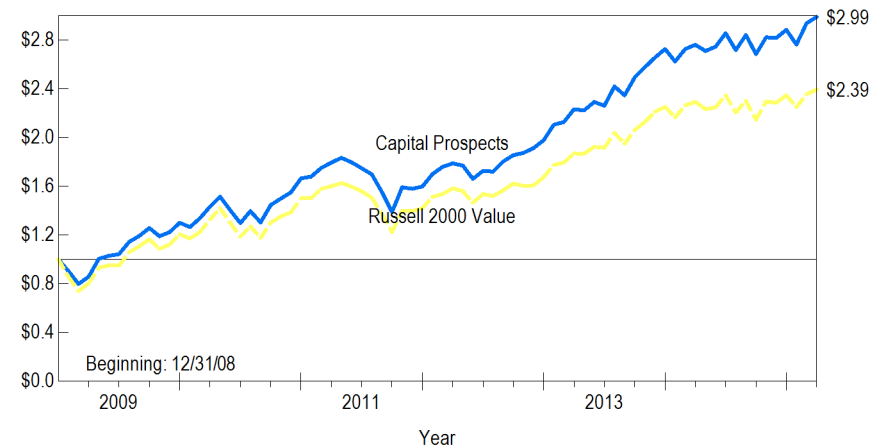
## Return Based Style Analysis - Capital Prospects

3 Years Ending March 31, 2015

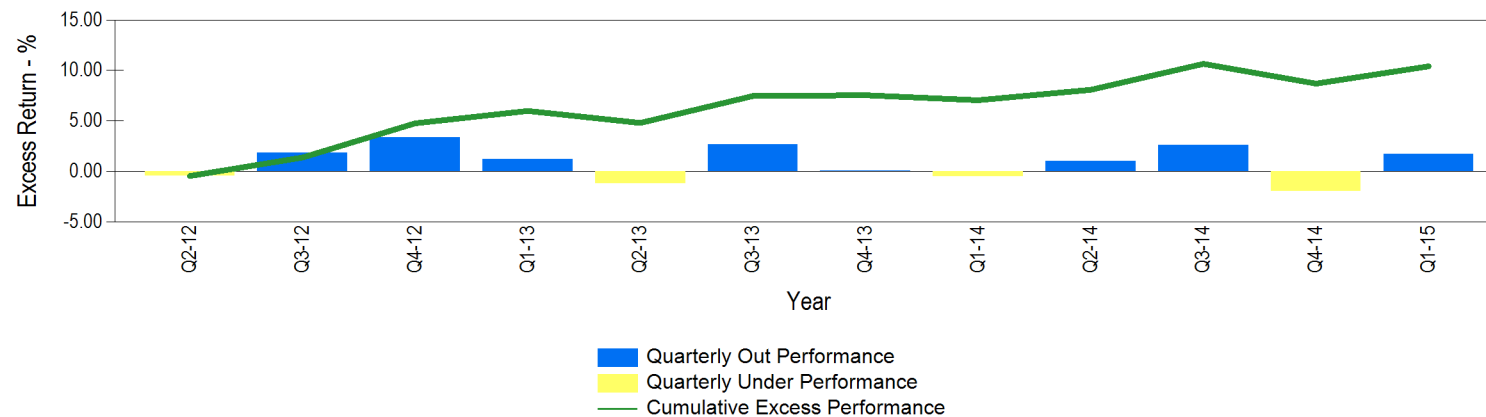
US Effective Style Map

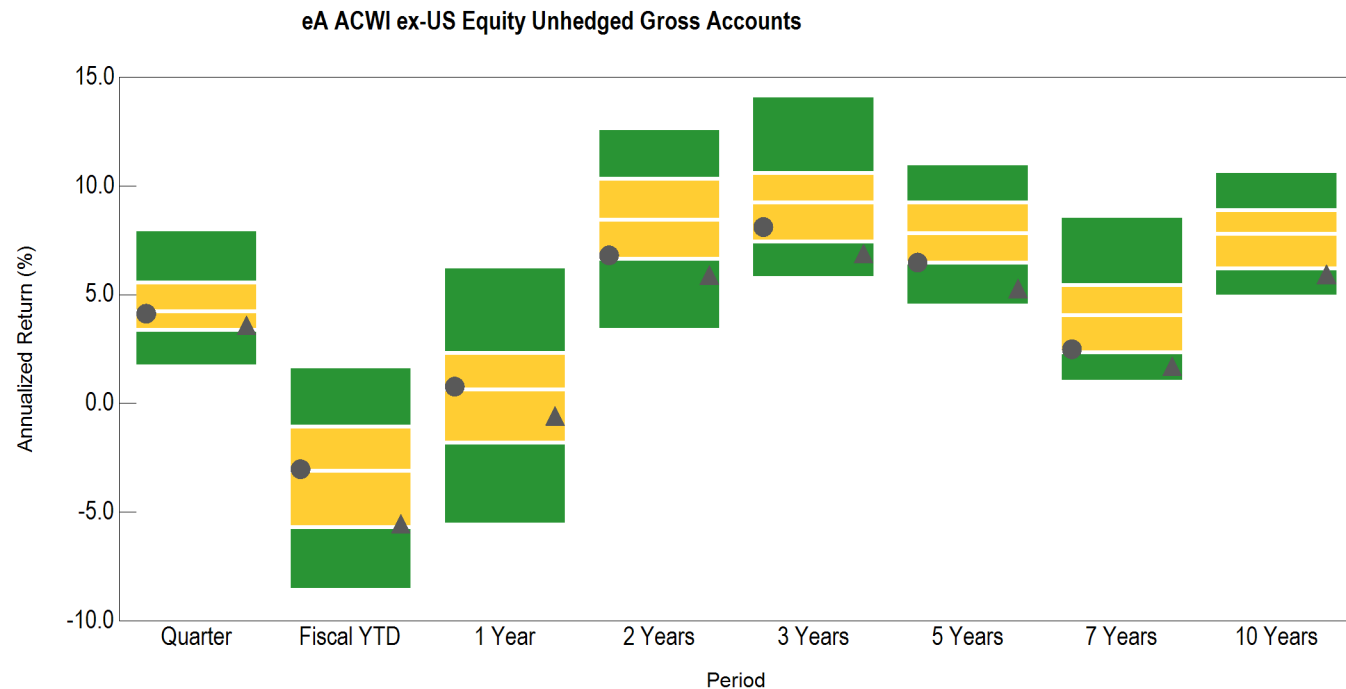


Growth of a Dollar



Quarterly and Cumulative Excess Performance





	Return (Rank)											
5th Percentile	8.0	1.7	6.3	12.6	14.1	11.0	8.6	10.7				
25th Percentile	5.6	-1.0	2.3	10.3	10.6	9.2	5.4	8.9				
Median	4.2	-3.1	0.6	8.5	9.2	7.8	4.1	7.8				
75th Percentile	3.4	-5.7	-1.8	6.7	7.5	6.5	2.4	6.2				
95th Percentile	1.7	-8.6	-5.6	3.4	5.8	4.5	1.0	4.9				
# of Portfolios	145	145	144	142	139	120	103	77				
● Pyramis	4.1 (55)	-3.0 (50)	0.8 (50)	6.8 (75)	8.1 (65)	6.5 (76)	2.5 (73)	-- (--)				
▲ MSCI ACWI ex USA Gross	3.6 (69)	-5.5 (73)	-0.6 (64)	5.9 (84)	6.9 (83)	5.3 (90)	1.7 (88)	5.9 (82)				

## Equity Only Summary Statistics - Pyramis

Quarter Ending March 31, 2015

## Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	256	1,841
Weighted Avg. Market Cap. (\$B)	63.3	53.3
Median Market Cap. (\$B)	15.2	6.9
Price To Earnings	24.2	20.5
Price To Book	4.1	2.6
Price To Sales	2.6	2.1
Return on Equity (%)	17.2	15.3
Yield (%)	2.3	2.7
Beta (holdings; global)	1.0	0.9

## Top Holdings

NESTLE 'R'	1.9%
TOYOTA MOTOR	1.8%
ROCHE HOLDING	1.8%
NOVARTIS 'R'	1.7%
ROYAL DUTCH SHELL A	1.7%
HSBC HDG. (ORD \$0.50)	1.5%
BAYER	1.4%
SANOFI	1.3%
SAP	1.3%
LLOYDS BANKING GROUP	1.3%

## Best Performers

	Return %
CYBERAGENT (J:CYBA)	51.9%
AIN PHARMACIEZ (J:DCL)	37.8%
VALEANT PHARMS.INTL. (C:VRX)	37.6%
SANTEN PHARM. (J:XY@N)	36.1%
HOSHIZAKI ELECTRIC (J:HSZK)	34.0%
MABUCHI MOTOR (J:MCHI)	32.4%
FANUC (J:DU@N)	31.6%
TENCENT HOLDINGS (K:TCNT)	30.9%
ESSENTIA PLC (UKIR:ESNT)	30.8%
OBIC (J:OBIC)	30.5%

## Worst Performers

	Return %
TULLOW OIL (UKIR:TLW)	-34.9%
AUTOCANADA (C:ACQ)	-34.6%
SYLOGIST (C:SYZ)	-29.1%
SHAWCOR (C:SCL)	-23.8%
G8 EDUCATION (A:GEMX)	-23.5%
TAHOE RESOURCES (C:THO)	-21.0%
ALIBABA GROUP HLDG.SPN. ADR 1:1 (BABA)	-19.9%
ARC RESOURCES (C:ARX)	-19.9%
ARYZTA (S:ARYN)	-19.7%
LUNDIN MINING (C:LUN)	-18.3%

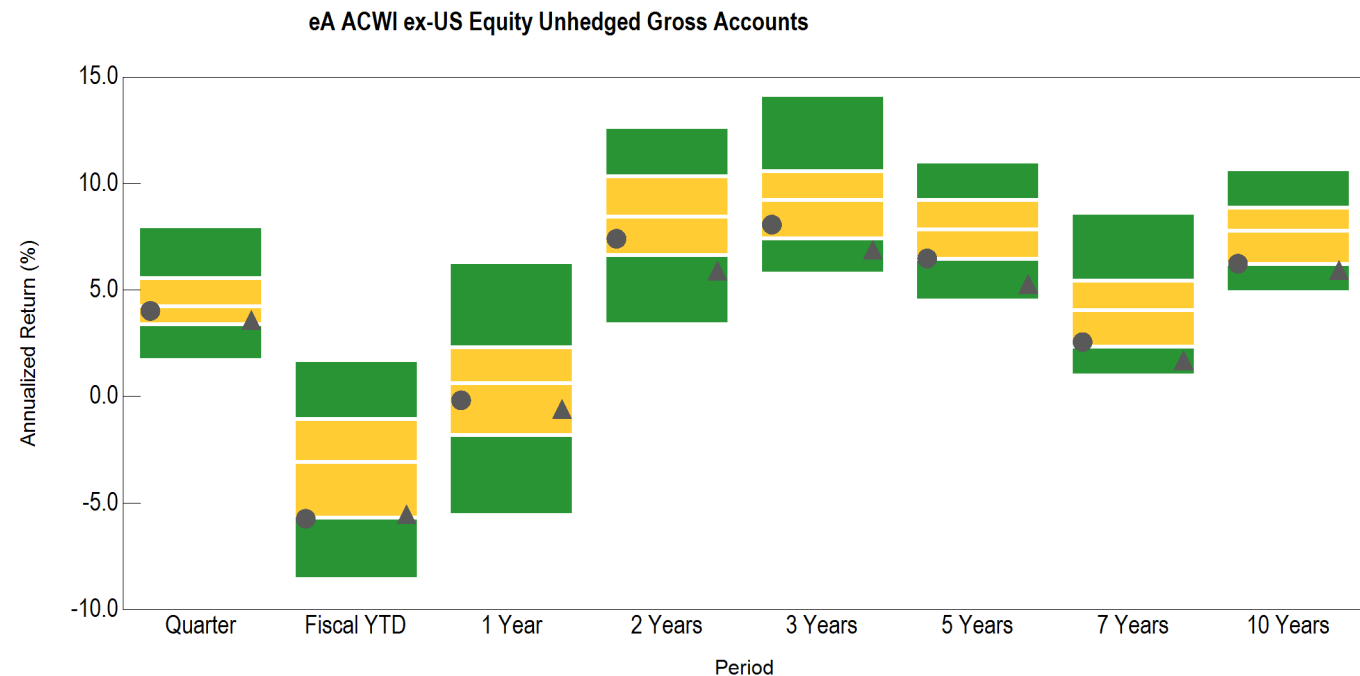
## Equity Sector Attribution - Pyramis

Quarter Ending March 31, 2015

## Pyramis Performance Attribution vs. MSCI ACWI ex USA Gross

	Attribution Effects							Returns		Sector Weights		
	Total		Selection		Allocation		Interaction		Portfolio	Benchmark	Portfolio	Benchmark
	Effects		Effect		Effect		Effects					
Energy	0.0%		0.1%		0.1%		-0.2%		-6.1%	-4.1%	6.2%	7.5%
Materials	0.3%		0.3%		0.0%		0.0%		5.9%	1.6%	7.4%	7.7%
Industrials	0.1%		0.3%		0.0%		-0.1%		6.3%	4.7%	11.4%	11.0%
Cons. Disc.	0.1%		0.4%		0.1%		-0.4%		8.3%	6.9%	13.9%	11.4%
Cons. Staples	-0.1%		-0.3%		0.0%		0.2%		2.3%	3.9%	8.8%	9.9%
Health Care	0.2%		0.2%		0.3%		-0.3%		11.7%	10.6%	13.3%	8.6%
Financials	0.7%		0.7%		0.0%		-0.1%		4.1%	2.2%	24.5%	27.6%
Info. Tech	-0.1%		0.1%		0.0%		-0.2%		5.2%	7.6%	5.7%	7.5%
Telecomm.	-0.1%		-0.1%		0.0%		0.0%		0.3%	1.9%	5.0%	5.2%
Utilities	0.2%		-0.1%		0.1%		0.2%		-5.2%	-4.5%	2.1%	3.6%
Cash	-0.2%		0.0%		-0.2%		0.0%		0.0%	--	1.8%	0.0%
Portfolio	1.3%	=	1.7%	+	0.4%	+	-0.8%		4.9%	3.5%	100.0%	100.0%





## Return (Rank)

5th Percentile	8.0	1.7	6.3	12.6	14.1	11.0	8.6	10.7
25th Percentile	5.6	-1.0	2.3	10.3	10.6	9.2	5.4	8.9
Median	4.2	-3.1	0.6	8.5	9.2	7.8	4.1	7.8
75th Percentile	3.4	-5.7	-1.8	6.7	7.5	6.5	2.4	6.2
95th Percentile	1.7	-8.6	-5.6	3.4	5.8	4.5	1.0	4.9
# of Portfolios	145	145	144	142	139	120	103	77
● LSV Asset Mgt	4.0 (57)	-5.7 (77)	-0.2 (60)	7.4 (67)	8.1 (65)	6.5 (76)	2.6 (73)	6.2 (75)
▲ MSCI ACWI ex USA Gross	3.6 (69)	-5.5 (73)	-0.6 (64)	5.9 (84)	6.9 (83)	5.3 (90)	1.7 (88)	5.9 (82)

Stanislaus County Employees' Retirement Association  
Equity Only Summary Statistics - LSV Asset Mgt

Quarter Ending March 31, 2015

Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	215	1,841
Weighted Avg. Market Cap. (\$B)	30.9	53.3
Median Market Cap. (\$B)	7.5	6.9
Price To Earnings	16.8	20.5
Price To Book	2.0	2.6
Price To Sales	1.1	2.1
Return on Equity (%)	12.3	15.3
Yield (%)	3.6	2.7
Beta (holdings; global)	1.1	0.9

Top Holdings

MAGNA INTL.	1.9%
ALLIANZ	1.6%
DAIMLER	1.5%
SWISS RE	1.4%
SANOFI	1.3%
ROYAL DUTCH SHELL B	1.3%
BANK OF CHINA 'H'	1.3%
MACQUARIE GROUP	1.3%
OLD MUTUAL	1.3%
BASF	1.2%

Best Performers

	Return %
NICHI-IKO PHARM. (J:NIHO)	48.3%
CHINA SHANSHUI CMT.GROUP SUSP - SUSP.16/04/15 (K:CSCG)	45.2%
SKYWORTH DIGITAL HDG. (K:SKYD)	44.6%
AT&S AU.TCHG.& (XET) SYSTK. (D:AUSX)	42.3%
MOBL.TELSMS.OJSC SPN.ADR 1:2 (MBT)	40.7%
AIN PHARMACIEZ (J:DCL)	37.8%
GEO HOLDINGS (J:GEO)	33.2%
KYORIN HOLDINGS (J:KYRN)	29.9%
EQSTRA HOLDINGS (R:EQSJ)	26.7%
TIANNENG POWER INTL. (K:TPIL)	26.2%

Worst Performers

	Return %
PAPERLINX (A:PPXX)	-62.2%
VALE PN (BR:VL5)	-33.2%
LABIXIAOXIN SNACKS GROUP (K:CLFB)	-26.5%
ARRIUM (A:ARIX)	-26.2%
CIA PARANAENSE DE ENERGIA COPEL PN (BR:CP6)	-22.0%
METCASH (A:MTSX)	-22.0%
PTRO.BRAO.ADR 1:2 (PBRA)	-19.7%
PETROLEO BRASILEIRO PN (BR:POB)	-19.2%
WESTJET AIRL.VAR.SHS. (C:WJA.A)	-19.0%
TATA STEEL GDR (REG S) (WI) (UKIR:TTST)	-17.7%

## Equity Sector Attribution - LSV Asset Mgt

Quarter Ending March 31, 2015

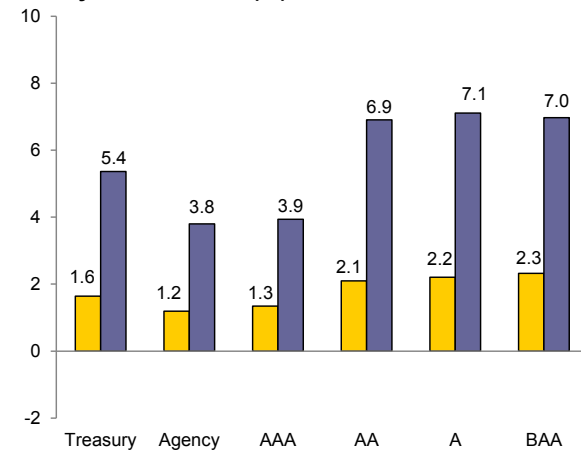
## LSV Asset Mgt Performance Attribution vs. MSCI ACWI ex USA Gross

	Attribution Effects							Returns		Sector Weights		
	Total		Selection		Allocation		Interaction		Portfolio	Benchmark	Portfolio	Benchmark
	Effects		Effect		Effect		Effects					
Energy	-0.1%		0.2%		-0.2%		-0.1%		-1.6%	-4.1%	9.9%	7.5%
Materials	0.3%		0.4%		0.0%		-0.1%		5.9%	1.6%	7.0%	7.7%
Industrials	0.1%		0.0%		0.0%		0.1%		5.3%	4.7%	10.3%	11.0%
Cons. Disc.	0.1%		0.1%		0.0%		0.0%		7.7%	6.9%	11.0%	11.4%
Cons. Staples	0.3%		0.2%		0.0%		0.1%		4.9%	3.9%	5.9%	9.9%
Health Care	-0.1%		0.0%		-0.1%		0.1%		10.2%	10.6%	6.8%	8.6%
Financials	0.2%		0.1%		0.0%		0.1%		3.6%	2.2%	31.4%	27.6%
Info. Tech	0.0%		-0.2%		0.0%		0.2%		6.5%	7.6%	4.7%	7.5%
Telecomm.	0.0%		0.1%		0.0%		0.0%		4.8%	1.9%	7.9%	5.2%
Utilities	-0.3%		-0.2%		0.0%		-0.1%		-10.6%	-4.5%	4.0%	3.6%
Cash	-0.1%		0.0%		-0.1%		0.0%		0.0%	--	1.2%	0.0%
Portfolio	0.5%	=	0.8%	+	-0.6%	+	0.2%		4.0%	3.5%	100.0%	100.0%

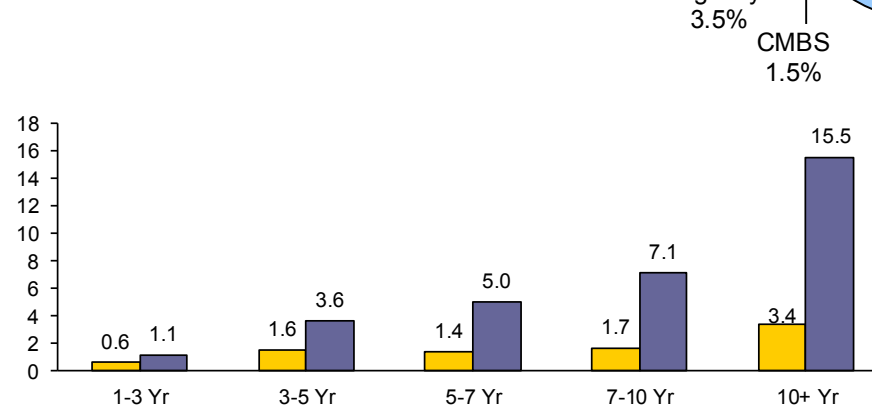
# U.S. Bond Market Returns – Barclays Capital Aggregate

- U.S. Treasuries continued to rise, with the aggregate index increasing by 1.6% in the first quarter.
- Longer duration treasuries were the leaders; Treasuries with durations over 10 years rose 3.4% during the first quarter.
- Despite fears of rising defaults in the energy sector, lower-rated corporate bonds (BAA) rose 2.3% during the first quarter.

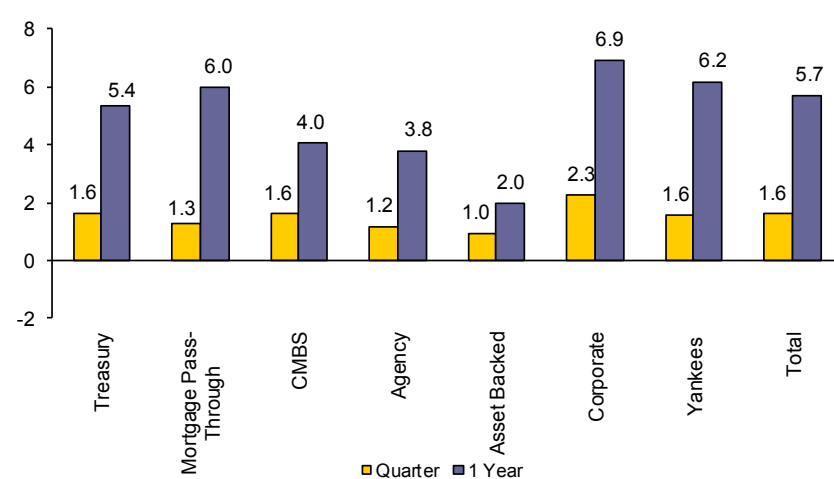
Quality Performance (%)



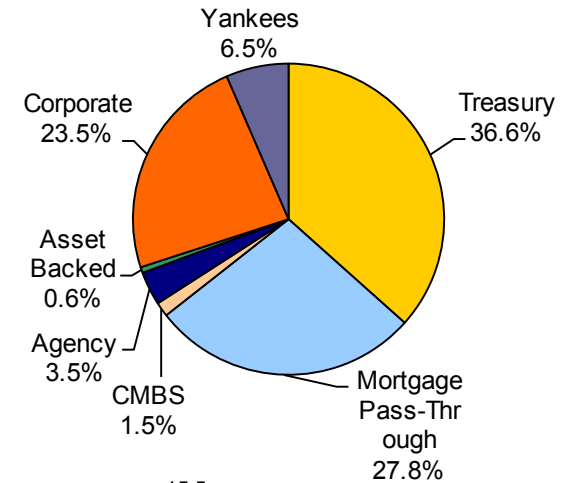
Duration Performance (%)



Sector Performance (%)

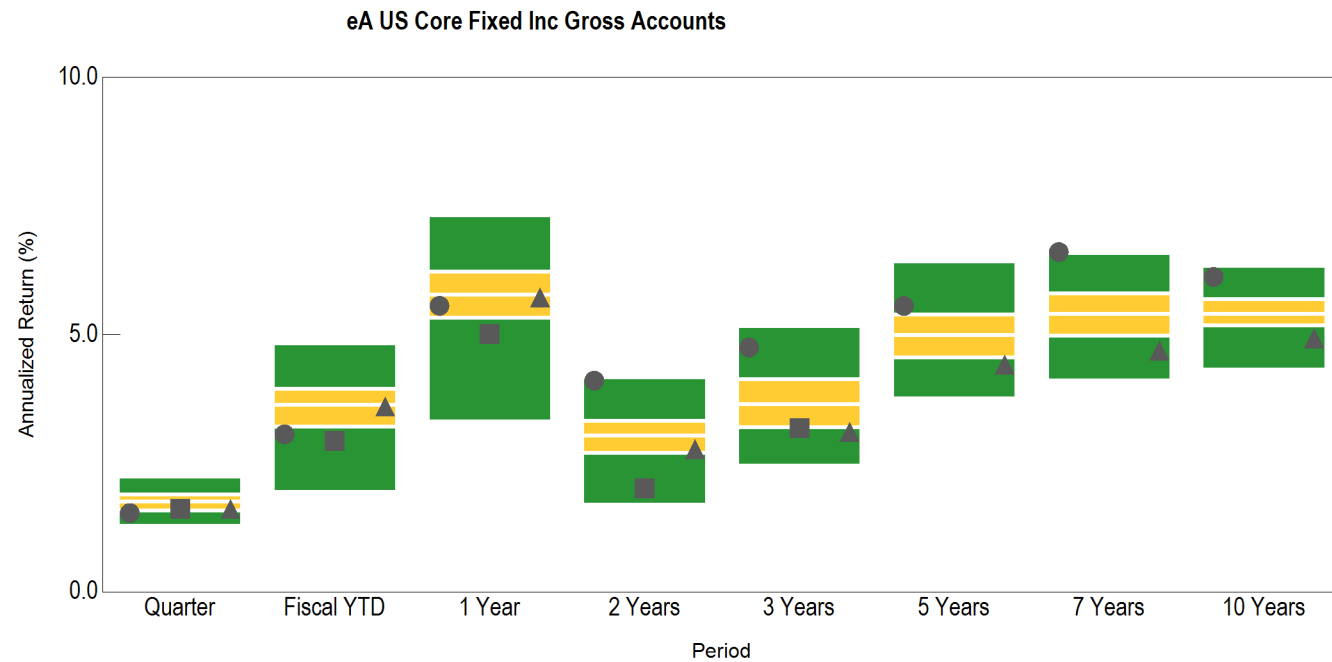


Sector Weights



## Total Returns - Core Fixed Income

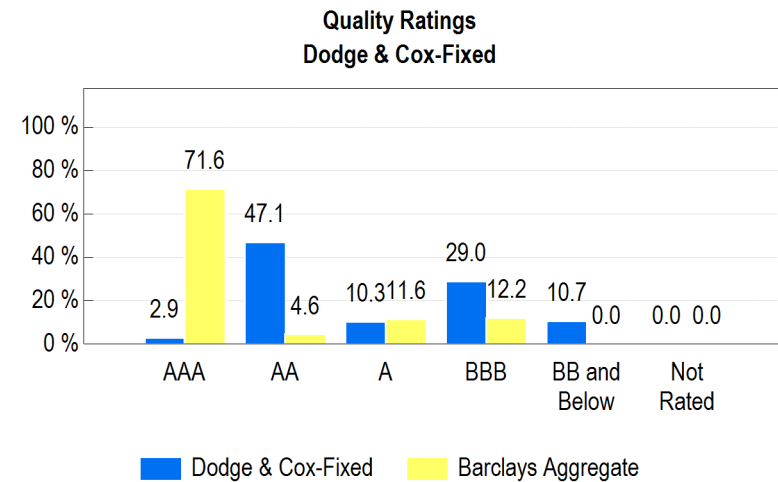
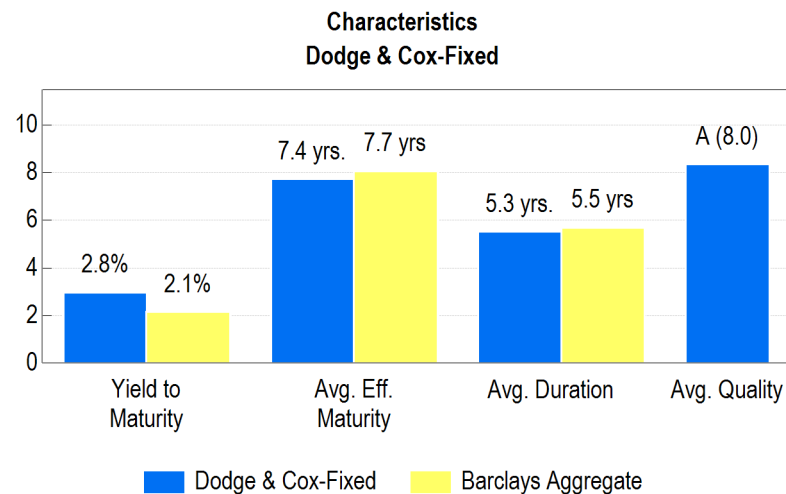
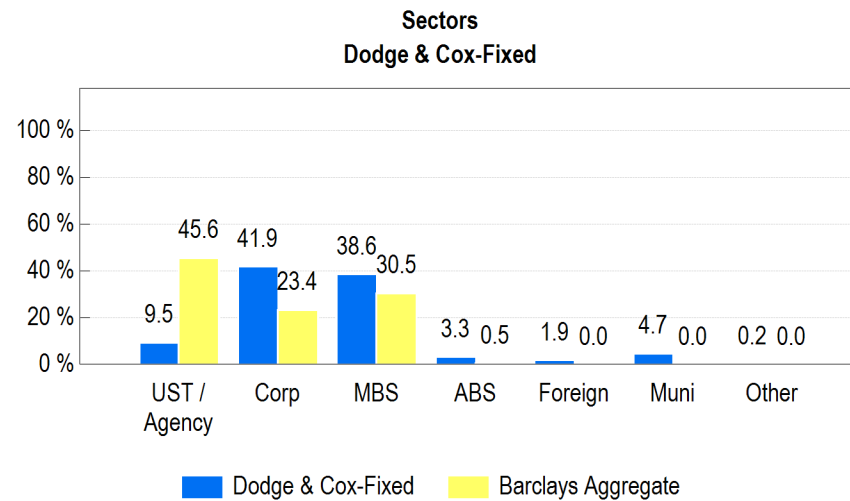
Periods Ending March 31, 2015



	Return (Rank)							
5th Percentile	2.2	4.8	7.3	4.2	5.2	6.4	6.6	6.3
25th Percentile	1.9	3.9	6.2	3.3	4.1	5.4	5.8	5.7
Median	1.8	3.6	5.8	3.0	3.7	5.0	5.4	5.4
75th Percentile	1.6	3.2	5.3	2.7	3.2	4.6	5.0	5.2
95th Percentile	1.3	2.0	3.3	1.7	2.5	3.8	4.1	4.3
# of Portfolios	214	214	214	213	213	206	199	185
● Dodge & Cox-Fixed	1.5 (82)	3.1 (78)	5.6 (64)	4.1 (6)	4.7 (9)	5.6 (20)	6.6 (5)	6.1 (8)
■ PIMCO	1.6 (70)	2.9 (82)	5.0 (84)	2.0 (91)	3.2 (76)	-- (--)	-- (--)	-- (--)
▲ Barclays Aggregate	1.6 (71)	3.6 (53)	5.7 (54)	2.8 (70)	3.1 (82)	4.4 (81)	4.7 (85)	4.9 (86)

## Bond Summary Statistics - Dodge &amp; Cox Fixed Income

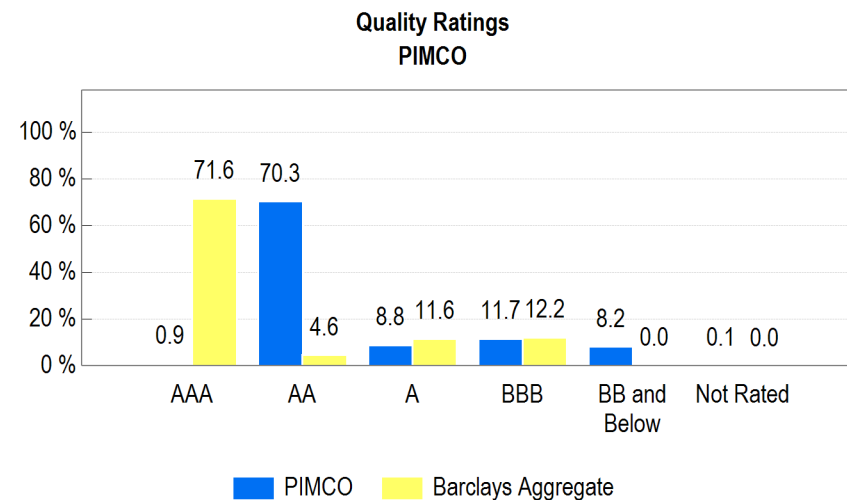
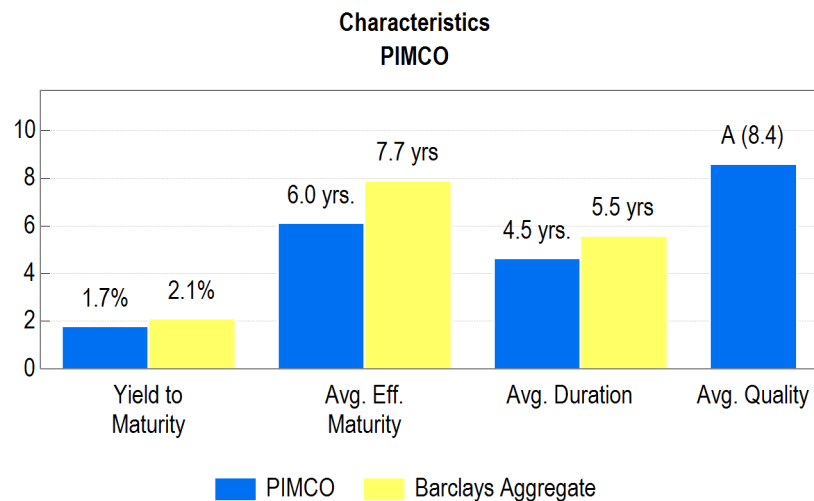
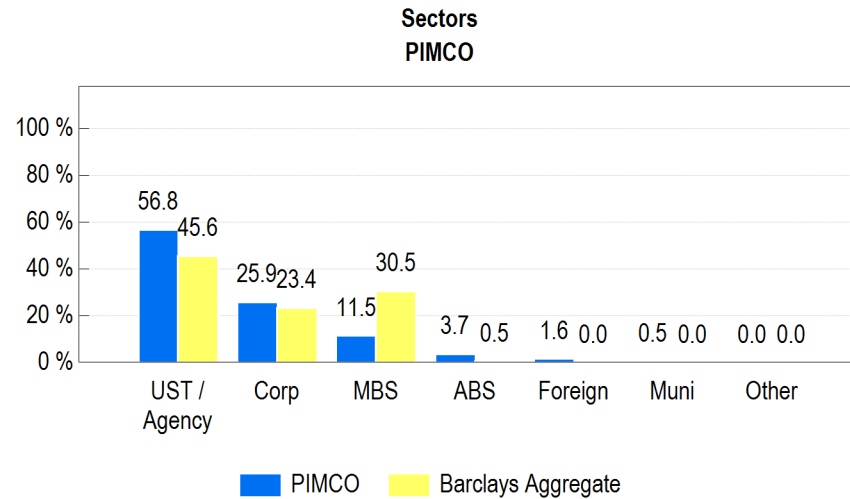
As of March 31, 2015



# Stanislaus County Employees' Retirement Association

## Bond Summary Statistics - PIMCO Fixed Income

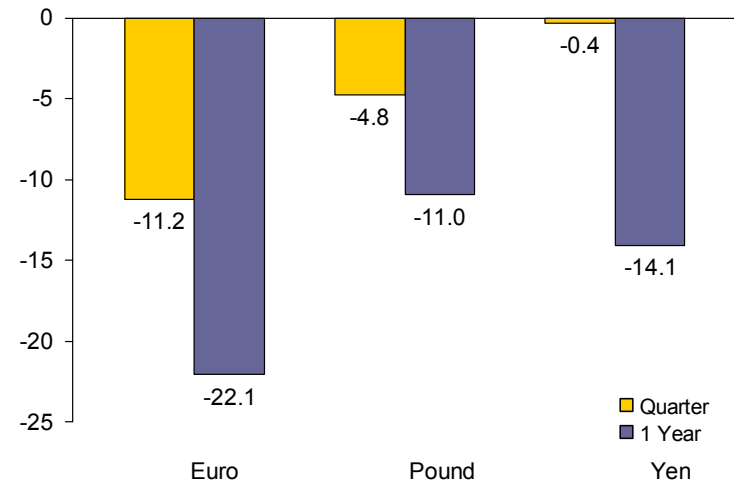
As of March 31, 2015



## Currency Markets

- With the European Central Bank beginning sovereign quantitative easing, the euro fell 11.2% versus the dollar during the first quarter.
- The pound fell 4.8% versus the dollar during the first quarter. The decline was driven by expectations of tighter policy in the U.S.
- The U.S. dollar trade-weighted index, which measures the dollar's movement against a basket of currencies, rose 9.0% in the first quarter and reached peaks not seen since 2003.

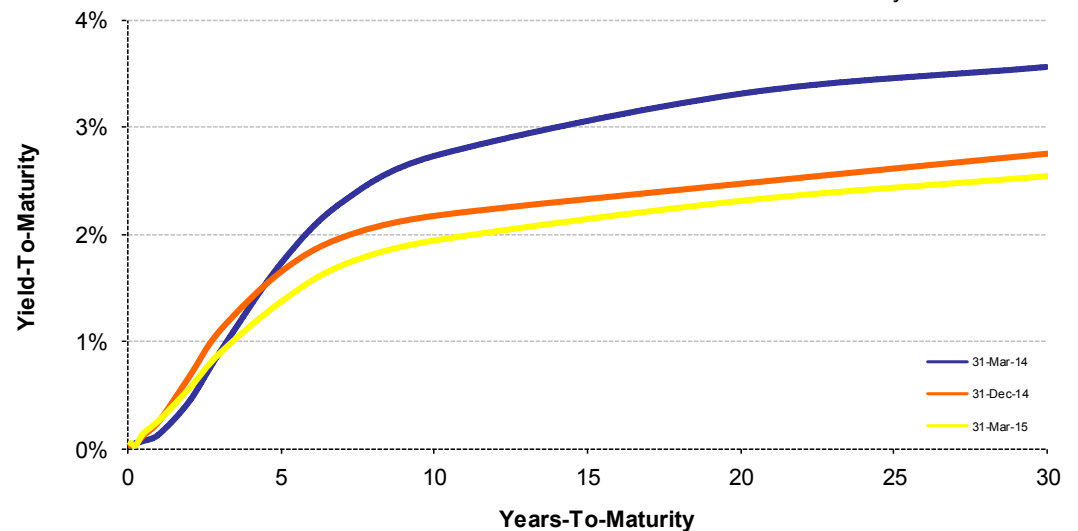
Currency Returns (%)



## Yield Curve

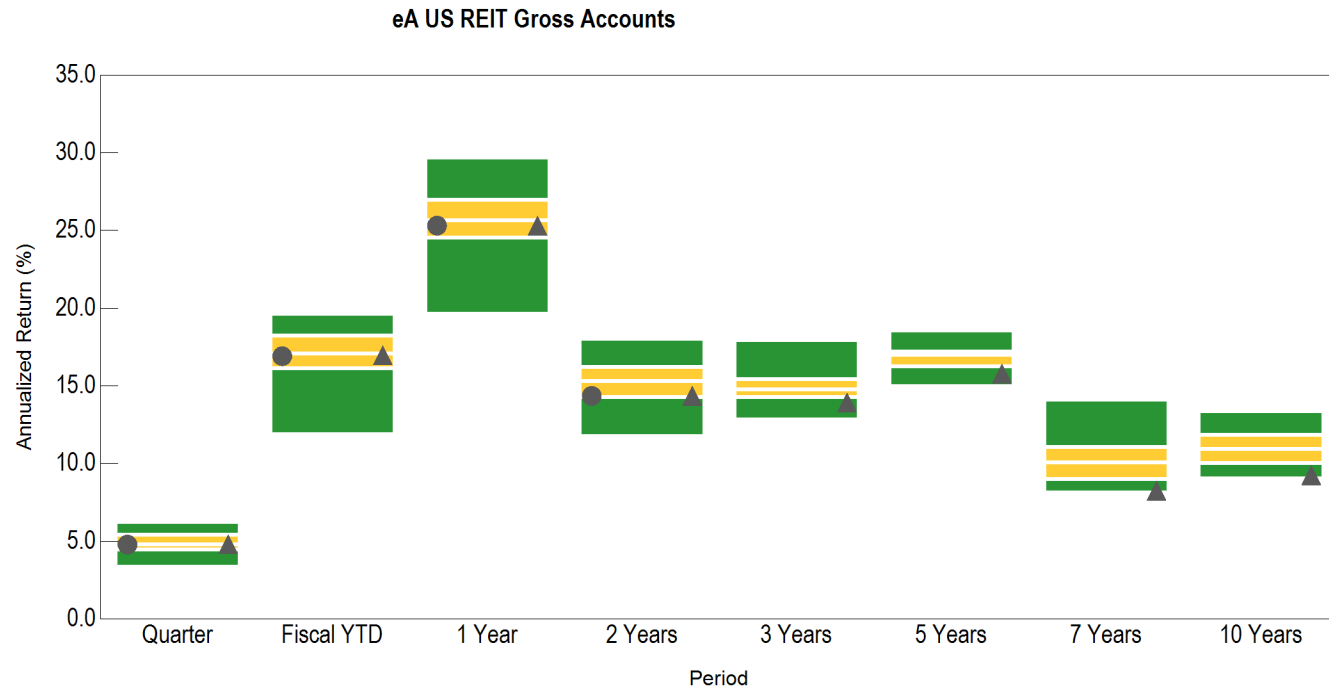
- The Treasury curve primarily shifted downward, driven by declines in 5, 7, and 10 year maturities.
- 10-year yields fell 23bps during the first quarter, while 30-year yields fell 21bps.

INTEREST RATE TERM STRUCTURE  
Government Issues - 3 Months to 30 Years Maturity





Periods Ending March 31, 2015



	Return (Rank)													
5th Percentile	6.2	19.6	29.7	18.0	17.9	18.5	14.1	13.4						
25th Percentile	5.4	18.3	27.0	16.2	15.4	17.2	11.1	11.9						
Median	4.8	17.1	25.7	15.3	14.8	17.0	10.1	11.0						
75th Percentile	4.5	16.2	24.6	14.3	14.3	16.3	9.0	10.1						
95th Percentile	3.4	11.9	19.7	11.8	12.8	15.0	8.1	9.1						
# of Portfolios	45	45	45	45	45	43	41	40						
● BlackRock US Real Estate	4.8 (59)	16.9 (52)	25.3 (56)	14.4 (73)	-- (--)	-- (--)	-- (--)	-- (--)						
▲ DJ US Select RESI TR USD	4.8 (57)	17.0 (52)	25.3 (56)	14.4 (73)	13.9 (87)	15.8 (89)	8.3 (91)	9.3 (94)						

StanCERA Investment Managers Peer Ranking

**Total Fund**

Taken From SIS Quarterly Investment Performance Analysis Reports

12/31/2011 through 03/31/2015

	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
1 Quarter	30	16	69	5	27	13	38	14	14	63	40	43	17	61
1 Year	85	70	62	12	5	6	22	13	12	13	48	23	23	28
Over 3 years	14	10	23	21	28	27	14	9	10	15	12	12	7	7
Over 5 years	54	43	41	62	61	12	8	2	3	3	7	9	9	13

Note: Ranking 1 is highest & 100 lowest

Revised 5/20/15

# StanCERA Investment Managers Peer Ranking

## Peer Ranking For Returns Over 5 Years

Taken From SIS Quarterly Investment Performance Analysis Reports  
12/31/2011 through 03/31/2015

	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
S&P 500	61	58	54	33	38	29	16	55	48	36	48	45	47	57
BlackRock 1,000 G	n/a	n/a	n/a	n/a	n/a	n/a	n/a	63	n/a	n/a	n/a	n/a	n/a	n/a
Delaware/Jackson Square	34	32	22	21	23	16	11	13	10	14	10	8	11	8
BlackRock 1,000 V	n/a	n/a	n/a	n/a	n/a	n/a	n/a	15	n/a	n/a	n/a	51	41	53
Dodge & Cox	73	73	65	73	71	55	50	3	17	13	23	28	32	46
Legato	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	53	70	61	57	54
Capital Prospects	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	45	46	41	35	31	33
LSV	42	39	56	74	67	62	60	34	19	18	33	46	39	76
Pyramis	24	27	26	60	68	71	64	74	71	72	73	81	82	76
Dodge & Cox FI	39	27	33	25	15	8	9	6	9	8	12	13	13	20
Pimco	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
BlackRock US Real Estate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: Ranking 1 is highest & 100 lowest

Revised 5/20/15

StanCERA Investment Managers Peer Ranking

**Peer Ranking For Returns Over 3 Years**

Taken From SIS Quarterly Investment Performance Analysis Reports

12/31/2011 through 03/31/2015

	12/30/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2013	6/30/2014	9/30/2014	12/31/2014	3/31/2015
S&P 500	50	56	44	20	11	18	16	48	50	55	47	47	50	57
BlackRock 1,000 G	n/a	n/a	n/a	n/a	n/a	n/a	29	63	39	39	36	45	53	45
Delaware/Jackson Square	6	11	12	4	7	4	5	13	5	6	6	27	27	35
BlackRock 1,000 V	n/a	n/a	n/a	n/a	n/a	n/a	41	15	47	45	40	40	39	44
Dodge & Cox	39	35	62	55	44	50	23	3	17	17	13	8	13	22
Legato	61	62	58	60	59	53	54	39	40	30	45	46	37	34
Capital Prospects	64	66	48	42	21	22	34	32	30	35	31	36	27	23
LSV	17	23	34	49	57	57	71	60	70	74	73	51	50	65
Pyramis	36	34	34	67	65	74	72	67	68	80	73	77	78	65
Dodge & Cox FI	32	20	38	31	40	39	17	9	12	13	12	7	6	9
Pimco	n/a	n/a	n/a	n/a	n/a	n/a	45	52	52	58	61	77	79	76
BlackRock US Real Estate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: Ranking 1 is highest & 100 lowest

Revised 5/20/15

StanCERA Investment Managers Peer Ranking

**Peer Ranking For Returns Over 1 Year**

Taken From SIS Quarterly Investment Performance Analysis Reports

12/31/2011 through 03/31/2015

	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
S&P 500	28	35	34	24	16	18	29	63	58	66	60	37	39	58
BlackRock 1,000 G	23	34	27	37	53	37	37	63	56	63	55	38	47	48
Delaware/Jackson Square	2	8	4	24	36	29	57	13	39	41	31	47	28	44
BlackRock 1,000 V	30	50	26	19	30	17	44	15	59	61	55	43	39	58
Dodge & Cox	83	81	55	4	3	7	29	3	15	17	19	22	64	79
Legato	61	58	35	34	24	16	28	28	41	53	70	65	38	42
Capital Prospects	42	56	37	35	9	9	68	29	53	47	43	47	42	42
LSV	48	54	78	64	75	69	53	54	39	40	34	29	41	77
Pyramis	34	35	37	80	52	35	40	52	61	80	84	65	59	50
Dodge & Cox FI	89	72	77	12	9	20	7	4	3	4	6	9	70	78
Pimco	14	25	19	55	54	28	74	63	89	87	80	89	81	82
BlackRock US Real Estate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	16.9

Managers in red no longer managing funds

Note: Ranking 1 is highest & 100 lowest

Revised 5/20/15

StanCERA Investment Managers Peer Ranking

**Peer Ranking For Returns Over 1 Quarter**

Taken From SIS Quarterly Investment Performance Analysis Reports

12/31/2011 through 03/31/2015

	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	3/31/2014	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
S&P 500	50	65	29	14	24	49	28	63	41	62	33	30	53	75
BlackRock 1,000 G	25	67	24	55	64	34	48	13	60	43	31	42	54	49
Delaware/Jackson Square	10	40	44	40	40	16	88	15	41	62	21	66	10	68
BlackRock 1,000 V	42	76	19	33	45	30	62	3	48	33	41	53	34	77
Dodge & Cox	65	34	22	7	24	50	19	22	12	59	58	23	81	86
Legato	65	41	13	52	51	31	38	46	64	52	74	34	40	58
Capital Prospects	73	71	21	15	10	47	80	24	59	69	42	33	50	39
LSV	51	66	83	31	75	26	66	33	24	75	24	29	60	57
Pyramis	42	41	44	38	43	50	37	68	58	82	51	38	75	55
Dodge & Cox FI	41	10	83	21	9	7	9	11	5	9	13	43	78	82
Pimco	54	79	12	57	52	29	90	42	95	82	59	94	73	70
BlackRock US Real Estate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Managers in red no longer managing funds

Note: Ranking 1 is highest & 100 lowest

Revised 5/20/15

05/26/15  
ITEM # 9.d

STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**MONTHLY FLASH REPORT**

**APRIL 30, 2015**

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333 BUSH STREET | SAN FRANCISCO | 94104 | 415.362.3484

## U.S. EQUITY

The month of April was a mixed bag in terms of absolute performance. Large caps outperformed Small caps and also produced a positive return. Value beat Growth throughout the market capitalization spectrum.

The Russell 3000 ended the month up +0.45%. The Russell 1000 Growth Index was up +0.50% and the Russell 1000 Value Index was up +0.93%. The Russell 2000 Growth Index was down -2.94% and the Russell 2000 Value was also down -2.14% for the month. The S&P 500 Index ended the month up +0.96%.

The S&P 500 Index has a trailing P/E ratio of 21.13 and a forward 12-month estimate P/E ratio of 17.95 and a dividend yield of 1.98%.

Corporate merger highlights for the month included: Johnson Controls will sell its business that helps corporations manage their real estate energy needs to real estate services firm CBRE for \$1.48 billion; FedEx will buy Dutch package delivery firm TNT Express for \$4.8 billion to take on rivals in Europe; drug maker Mylan offered to buy Perrigo, a maker of over-the-counter health-care products, for \$30 billion; LinkedIn will buy privately-held online education company Lynda.com in a deal valued at about \$1.5 billion; Builders FirstSource will acquire fellow building material-supplier ProBuild for \$1.63 billion; Canadian gold miners Alamos Gold and AuRico Gold will merge in a deal valued at about \$1.5 billion; Heineken will buy Slovenian brewery Pivovarna Lasko in a deal valuing the company at \$237 million; Nokia will acquire Alcatel-Lucent in an all-share deal that values its smaller French rival at \$16.6 billion; Chinese transportation robotics firm Ninebot acquired U.S. rival Segway; Coca-Cola is buying the beverage business of a Chinese company for \$400 million to get a foothold in the fast growing multi-grain drinks category; Raytheon will buy cybersecurity provider Websense from Vista Equity Partners for \$1.9 billion; Prologis, a big owner of warehouses and retail-distribution centers, will acquire industrial property owner KTR Capital Partners for \$5.9 billion; BlackBerry will buy privately-held U.S. tech company WatchDox; GoDaddy plans to acquire Marchex's entire domain names for \$28 million; Authentic Brands will add Jones New York to its portfolio of women's fashion brands; Jones brings in nearly \$1 billion in retail sales; Cap Gemini, a French information technology services company, will buy U.S.-based rival IGATE for \$4 billion; Iron Mountain

reached an agreement in principle to buy Australian peer Recall Holdings for about \$2 billion; MasterCard will acquire Applied Predictive Technologies, an analytics software company, for \$600 million; Spectrum Brands will acquire Armored AutoGroup Parent, a maker of car care products, for \$1.4 billion; XPO Logistics will buy France's Norbert Dentressangle for \$3.53 billion.

## FIXED INCOME

The April employment situation report was encouraging; not perfect but good enough to be reasonably comfortable that the US recovery remains in decent shape. Moreover, it signaled that the labor market is continuing to improve at a sufficient pace for the Fed to be comfortable with a lift off in administered rates later this year (assuming of course it feels comfortable with inflation prospects as well). September appears to be the most likely month for the Fed to begin raising rates.

The yield on the bellwether 10-year Treasury rose to 2.03% at a close of April, up from 1.93% at the end of March. At month end, the 30-year bond yield was 2.74% with the 3-month T-bill at 0.013%. The Barclays Capital US Aggregate Index was down by -0.36% in April.

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

## THE GOOD

\*The Standard & Poor's/Case Schiller 20-city home price index increased 4.6% in January compared with a year earlier.

\*U.S. oil production in 2014 was the highest since records began in 1900.

\*Consumer spending for the Easter holiday, on apparel, decorations, gifts, candy, food and flowers, is expected to have reach \$16.4 billion this year.

\*The Conference Board reported that its index of consumer attitudes increased to 101.3 in March from an upwardly revised 98.8 in February.

\*U.S. factory orders rose 0.2 percent in February, snapping a six-month losing streak.

\*The U.S. trade deficit plummeted 16.9% to \$35.4 billion in February, down from \$42.7 billion in January.

\*The Energy Department predicted that motorists will pay the lowest prices at the pump this summer since



2009 with an estimated average price of \$2.45 a gallon in the April-through-September summer driving season.

\*The Labor Department reported that U.S. producer prices rose a seasonally adjusted 0.2% in March after four straight monthly declines.

\*U.S. business inventories rose 0.3% in February compared with a flat reading in the prior month.

\*The Commerce Department reported that retail sales increased 0.9% in March, the largest gain since March of last year and snapped three straight months of declines.

\*The National Association of Realtors reported that existing homes sales increased 6.1% in March to an annual rate of 5.19 million units, the highest level since September 2013.

\*Financial firm Markit reported that its 'flash' or preliminary reading of its Purchasing Managers Index for the services sector slipped to 57.8 in April from a final reading of 59.2 in March.

## THE NOT SO GOOD

\*The Commerce Department reported that construction spending declined 0.1% in February after a revised 1.7% drop in January.

\*The Institute for Supply Management's manufacturing index declined to 51.5 in March from 52.9 a month earlier.

\*ADP reported that U.S. private employers added 189,000 jobs last month, below economists' expectations and the lowest since January 2014.

\*Employers added 126,000 jobs in March, the weakest showing since December 2013. So far this year, job gains have averaged 197,000 a month, down from 269,000 the previous 12 months.

\*The U.S. ended the month of March with a budget deficit of \$53 billion, up 43% from the same period last year.

\*The Federal Reserve reported that industrial production fell 0.6% in March after edging up 0.1% in February and that March's decline was the largest since August 2012.

\*U.S. homebuilders opened the spring buying season in March at a slower pace than last year (down 2.5%), a warning that recent hiring gains have failed to translate into a stronger real estate market.

\*The Conference Board index of leading indicators rose slightly for a third straight month, a sign that the pace of 2015 growth has been weakening.

\*Sales of new U.S. homes plummeted 11.4% in March, as the spring buying season opened with sharp declines in the Northeast and South.

\*The median sales price of houses fell 1.7% from twelve months ago to \$277,400.

\*Purchases of durable goods in March jumped by the largest amount in eight months, but a closer look at the details reveal that businesses kept pruning their investment plans in the face of a softening U.S. economy.

\*The Commerce Department reported that the seasonally adjusted home ownership rate dipped to 63.8% in the 1<sup>st</sup> quarter, the lowest since the 4<sup>th</sup> quarter of 1989.

\*The Conference Board reported that consumer confidence index dropped to 95.2 in April from a revised 101.4 in March, the lowest level since December.

\*Gross domestic product expanded at only a 0.2% annual rate, down from the fourth quarter's 2.2% pace and marking the weakest reading in a year.

## NON-U.S. MARKETS

The April batch of purchasing managers indexes (PMI) signaled that manufacturing activity remains sluggish across the G7. Surprisingly, Italy posted the strongest print. It was the one gain for the month, a 0.5 point rise to 53.8, which was its highest in a year and the highest among the G7.

The composite PMI for April in the UK suggests that the economy was in solid shape overall as the second quarter began. To be sure, both manufacturing and construction activity slowed last month as the factory PMI fell 2.1 points to 51.9 and the construction PMI 2.6 points to 54.2. However, services PMI rose 0.6 point to a robust 59.5, leaving the composite PMI down just 0.3 point in April to a still solid 58.4, well above the 50.0 threshold between expansion and contraction.

The Eurozone recovery has been showing encouraging signs of improvement recently, but this week's mixed industrial data were a reminder that the economy is still not firing on all cylinders. This is even true to the comparatively healthy Germany, where factory orders continue to drift sideways.

In Japan the monetary base continues to grow rapidly, reflecting the ongoing Bank of Japan quantitative and qualitative easing program. The expansion is driven by reserve balances which rose 57.6% y/y in April.

Meanwhile, banknotes in circulation rose 4.1% y/y and coins just 0.8% y/y.

As widely expected, the Reserve Bank of Australia (RBA) cut its cash rate target a quarter point to a record low 2.00%. The explanation for the second rate cut this year was not at all surprising. Specifically, the powerful economic headwinds being created by the erosion of Australia's terms of trade (plummeting commodity prices) and weakness in business investment is expected to generate "a degree of spare capacity for some time yet."

China's trade surplus rose to \$34.1 billion in April from \$18.4 billion a year earlier. Exports actually fell 6.4% y/y, but imports fell an even greater 16.2% y/y.

Russia's CPI inflation rate fell 0.5 point to 16.4% y/y in April, its first decline since July. However, this leaves it up over 10.0 points from the beginning of 2015.

Unemployment in Greece is grinding lower but remains extremely high. The unemployment rate posted at 25.4% in February, down 0.2 point for the month, 1.8 points from a year earlier, and 2.5 points from September 2013.

Non-U.S. equities were notably higher in April. The MSCI ACWI Ex-U.S. was up +5.12% in April. Developed stocks (EAFE) were up +4.16% while Emerging Markets rose +7.72% for the month.

## CONCLUSION

The recovery comes ever so slowly and in a patchy fashion. Forecasts for 2015 remain stunted but projections for 2016 have become somewhat more upbeat. By that time, it is anticipated risks to the overall outlook will be more balanced and less skewed to the downside. Global imbalances will likely be shrinking, partly thanks to a lower oil regime and also due to numerous aggressive easing programs around the globe. The obstacles to growth so far in 2015 remain formidable, however, with jobs, cap spending and GDP, in particular, registering weaker statistics than most had imagined.

Having entered 2015 in a bullish mood, the US Federal Reserve's top policy makers and market participants have to acknowledge the run of weaker data that makes a June

interest rate rise somewhat less likely than it appeared just a month ago. The surging dollar, the drag of falling oil investment, a horrific winter and signs that the jobs market has settled back have all chipped away at the easy case for early rate increases. The question is whether 2015 is shaping up to be an echo of 2014 – when an early spell of weak numbers was overshadowed by stronger figures later in the year, or whether sluggish growth is extended.

## Monthly Market Update

### US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Apr-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	0.45	5.19	2.26	12.74	16.69	16.86	14.33	8.68	8.66
Russell TOP 200 Index	1.45	5.46	2.00	12.87	16.68	16.55	14.20	8.07	7.96
Russell TOP 200 Growth Index	1.06	5.77	4.23	16.76	18.75	16.42	15.54	10.00	9.35
Russell TOP 200 Value Index	1.87	5.12	-0.25	9.04	14.60	16.66	12.84	6.08	6.56
S&P 500 Index	0.96	5.07	1.92	12.98	16.65	16.73	14.33	8.36	8.32
Russell 1000 Index	0.71	5.20	2.31	13.00	16.84	16.95	14.47	8.61	8.62
Russell 1000 Growth Index	0.50	5.98	4.36	16.67	18.65	16.60	15.49	9.95	9.62
Russell 1000 Value Index	0.93	4.38	0.21	9.31	14.96	17.20	13.39	7.14	7.51
Russell Mid-Cap Index	-0.91	4.64	3.01	13.30	17.21	17.87	15.09	10.00	10.27
Russell Mid-Cap Growth Index	-0.70	6.43	4.64	16.46	18.52	17.14	15.59	10.02	10.55
Russell Mid-Cap Value Index	-1.14	2.72	1.26	9.97	15.87	18.42	14.57	9.82	9.77
Russell 2000 Index	-2.55	5.03	1.65	9.71	14.97	15.87	12.73	9.42	9.18
Russell 2000 Value Index	-2.14	4.14	-0.20	4.89	12.01	14.52	10.55	8.12	7.87
Russell 2000 Growth Index	-2.94	5.91	3.49	14.65	18.01	17.22	14.94	10.63	10.41
DJ US REIT Index	-5.79	-7.54	-1.35	13.81	7.33	10.60	12.96	6.53	8.17
DJ-UBS US Commodity Index TR	5.73	2.89	-2.21	-24.69	-11.86	-9.73	-5.02	-9.31	-2.44
DJ-UBS US Gold Index TR	-0.07	-7.65	-1.65	-9.07	-10.70	-11.20	-0.54	3.84	9.60

### Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Apr-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	5.12	9.05	8.90	3.08	6.59	9.22	6.52	1.56	6.73
MSCI AC World Index	2.95	7.11	5.46	8.02	11.44	12.84	10.16	4.68	7.54
MSCI EAFE Index	4.16	8.83	9.37	2.10	7.80	11.71	7.89	1.85	6.10
MSCI Emerging Markets index	7.72	9.51	10.17	8.17	3.23	3.60	3.35	0.90	9.93
ML Global Government Bond Ex. U.S. Index	1.42	-1.49	-1.65	-9.16	-4.72	-5.57	0.31	1.40	2.30
Euro	4.33	-0.70	-7.40	-19.18	-7.81	-5.40	-3.36	-4.59	-1.41
Japanese Yen	0.21	-1.84	0.19	-14.64	-9.78	-12.62	-4.71	-1.92	-1.31
UK Pound Sterling	3.52	2.32	-1.44	-8.99	-0.63	-1.82	0.08	-3.56	-2.15

### US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Apr-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.00	0.00	0.01	0.02	0.04	0.07	0.09	0.24	1.46
BarCap Aggregate Bond Index	-0.36	-0.84	1.24	4.46	2.07	2.60	4.12	4.67	4.75
ML U.S. Corp/Govt Master Index	-0.54	-1.33	1.34	4.83	1.92	2.83	4.46	4.75	4.77
ML U.S. Corporate Master Index	-0.53	-1.00	1.71	4.97	2.91	4.66	6.02	6.51	5.65
BarCap Mortgage Backed Securities Index	0.04	0.25	1.10	4.61	2.58	2.33	3.52	4.47	4.76
ML U.S. High Yield Master Index	1.21	3.06	3.77	2.54	4.37	7.48	8.17	8.85	8.21
JPM EMBI Global	1.97	3.72	4.07	4.50	1.05	4.45	7.08	7.51	8.09

## US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Apr-15	1 Month	3 Month	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	0.45	5.19	12.74	11.12	16.86	14.33	17.07	8.66
Russell TOP 200 Index	1.45	5.46	12.87	11.43	16.55	14.20	15.93	7.96
Russell TOP 200 Growth Index	1.06	5.77	16.76	13.49	16.42	15.54	18.10	9.35
Russell TOP 200 Value Index	1.87	5.12	9.04	9.34	16.66	12.84	13.69	6.56
S&P 500 Index	0.96	5.07	12.98	11.68	16.73	14.33	16.59	8.32
Russell 1000 Index	0.71	5.20	13.00	11.67	16.95	14.47	17.10	8.62
Russell 1000 Growth Index	0.50	5.98	16.67	13.20	16.60	15.49	18.84	9.62
Russell 1000 Value Index	0.93	4.38	9.31	10.10	17.20	13.39	15.25	7.51
Russell Mid-Cap Index	-0.91	4.64	13.30	12.22	17.87	15.09	20.15	10.27
Russell Mid-Cap Growth Index	-0.70	6.43	16.46	12.56	17.14	15.59	21.02	10.55
Russell Mid-Cap Value Index	-1.14	2.72	9.97	11.91	18.42	14.57	19.15	9.77
Russell 2000 Index	-2.55	5.03	9.71	4.93	15.87	12.73	16.72	9.18
Russell 2000 Growth Index	-2.94	5.91	14.65	6.89	17.22	14.94	19.10	10.41
Russell 2000 Value Index	-2.14	4.14	4.89	2.99	14.52	10.55	14.39	7.87
Bloomberg Commodity Index TR	5.73	2.89	-24.69	-13.41	-9.73	-5.02	-1.83	-2.44
DJ US REIT Index	-5.79	-7.54	13.81	21.90	10.60	12.96	17.50	8.17
DJ-UBS US Gold Index TR	-0.07	-7.65	-9.07	-1.53	-11.20	-0.54	4.04	9.60

## Non-US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Apr-15	1 Month	3 Months	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	5.12	9.05	3.08	3.84	9.22	6.52	11.26	6.73
MSCI AC World Index	2.95	7.11	8.02	7.72	12.84	10.16	13.84	7.54
MSCI EAFE Index	4.16	8.83	2.10	3.33	11.71	7.89	10.86	6.10
MSCI Emerging Markets index	7.72	9.51	8.17	6.07	3.60	3.35	13.17	9.93
ML Global Government Bond Ex. U.S. Index	1.42	-1.49	-9.16	-4.17	-5.57	0.31	0.37	2.30
Japanese Yen	0.21	-1.84	-14.64	-9.27	-12.62	-4.71	-4.29	-1.31
Euro	4.33	-0.70	-19.18	-14.37	-5.40	-3.36	-3.35	-1.41
UK Pound Sterling	3.52	2.32	-8.99	-5.46	-1.82	0.08	1.06	-2.15

## US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Apr-15	1 Month	3 Month	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
ML 3-month T-bill Total Return Index	0.00	0.00	0.02	0.03	0.07	0.09	0.10	1.46
BarCap Aggregate Bond Index	-0.36	-0.84	4.46	5.41	2.60	4.12	4.65	4.75
BarCap Mortgage Backed Securities Index	0.04	0.25	4.61	5.39	2.33	3.52	4.05	4.76
ML U.S. Corp/Govt Master Index	-0.54	-1.33	4.83	5.88	2.83	4.46	4.76	4.77
ML U.S. Corporate Master Index	-0.53	-1.00	4.97	6.94	4.66	6.02	8.51	5.65
ML U.S. High Yield Master Index	1.21	3.06	2.54	4.69	7.48	8.17	15.42	8.21
JPM EMBI Global	1.97	3.72	4.50	7.28	4.45	7.08	10.61	8.09

ASSET CLASS	MARKET VALUE	PERCENT	CURRENT POLICY		TARGET POLICY	
			ALLOCATION	RANGE	ALLOCATION	RANGE
<b>DOMESTIC EQUITIES</b>	<b>885,833,212</b>	<b>48.1%</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	111,874,248	6.1%	5.5%	4.0% - 6.0%	4.6%	
Jackson Square	165,539,787	9.0%	8.5%	7.0% - 10.0%	6.7%	
BlackRock Russell 1000 Value	124,594,668	6.8%	6.5%	5.5% - 6.5%	5.5%	
Dodge & Cox - Equity	186,322,785	10.1%	9.7%	7.7% - 11.7%	8.9%	
Legato Capital	92,962,936	5.0%	5.5%	4.0% - 6.0%	3.7%	
Capital Prospects	100,318,361	5.4%	5.5%	4.0% - 6.0%	4.0%	
Mellon S&P 500	104,220,427	5.7%	5.5%	4.0% - 6.0%	4.8%	
<b>INTERNATIONAL EQUITIES</b>	<b>329,700,221</b>	<b>17.9%</b>	<b>18.0%</b>	<b>15.0% - 21.0%</b>	<b>18.0%</b>	<b>15.0% - 21.0%</b>
LSV Asset Mgt	163,563,211	8.9%	9.0%	7.5% - 10.5%	9.0%	
Pyramis	166,137,009	9.0%	9.0%	7.5% - 10.5%	9.0%	
<b>FIXED INCOME</b>	<b>494,035,809</b>	<b>26.8%</b>	<b>29.8%</b>	<b>26.0% - 33.6%</b>	<b>29.8%</b>	<b>26.0% - 33.6%</b>
Dodge & Cox - Fixed	382,443,586	20.8%	23.8%	20.8% - 26.8%	23.8%	
PIMCO	111,592,223	6.1%	6.0%	5.0% - 7.0%	6.0%	
<b>ALTERNATIVES:</b>	<b>132,575,760</b>	<b>7.2%</b>	<b>5.5%</b>		<b>14.0%</b>	
<b>REAL ESTATE</b>	<b>31,733,751</b>	<b>1.7%</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	7,973,478	0.4%				
BlackRock US Real Estate	13,280,969	0.7%	1.5%	0.0% - 2.0%	0.0%	
Greenfield Gap	7,979,172	0.4%	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>100,842,009</b>	<b>5.5%</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	30,156,844	1.6%	1.5%	1.0% - 3.0%	2.7%	
White Oak Pinnacle	38,932,923	2.1%	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>15,909</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>1,842,160,911</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
<b>MARKET VALUE</b>					
DOMESTIC EQUITIES	885,833,212	881,603,478	0.48%	809,982,668	9.36%
INTERNATIONAL EQUITIES	329,700,221	313,902,989	5.03%	318,243,210	3.60%
FIXED INCOME	494,035,809	496,006,015	-0.40%	502,812,826	-1.75%
DIRECT LENDING	100,842,009	101,302,312	-0.45%	71,916,468	40.22%
REAL ESTATE	31,733,751	32,550,809	-2.51%	27,295,576	16.26%
CASH	15,909	14,309	11.18%	-	N/A
<b>TOTAL PORTFOLIO</b>	<b>1,842,160,911</b>	<b>1,825,379,912</b>	<b>0.92%</b>	<b>1,730,250,748</b>	<b>6.47%</b>
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	48.09%	48.30%	-0.2%	46.81%	1.3%
INTERNATIONAL EQUITIES	17.90%	17.20%	0.7%	18.39%	-0.5%
FIXED INCOME	26.82%	27.17%	-0.4%	29.06%	-2.2%
DIRECT LENDING	5.47%	5.55%	-0.1%	4.16%	1.3%
REAL ESTATE	1.72%	1.78%	-0.1%	1.58%	0.1%
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					

	Market Value	1 Mo	3/1/15 - 3/31/15	Fiscal YTD
<b>Total Fund</b>	<b>\$1,842,160,911</b>	<b>1.03%</b>	<b>-0.38%</b>	<b>4.78%</b>
<i>Policy Index</i>		<u>0.78%</u>	<u>-0.38%</u>	<u>4.75%</u>
Excess Return		0.25%	0.00%	0.03%
<b>US Equity</b>	<b>\$885,833,212</b>	<b>0.48%</b>	<b>-0.68%</b>	<b>7.29%</b>
<i>US Equity Blended</i>		<u>0.06%</u>	<u>-0.65%</u>	<u>7.14%</u>
Excess Return		0.42%	-0.03%	0.15%
BlackRock Russell 1000 Growth	\$111,874,248	0.51%	-1.15%	11.04%
<i>Russell 1000 Growth</i>		<u>0.50%</u>	<u>-1.14%</u>	<u>10.98%</u>
Excess Return		0.01%	-0.01%	0.06%
Jackson Square	\$165,539,787	0.72%	-0.99%	11.70%
<i>Russell 1000 Growth</i>		<u>0.50%</u>	<u>-1.14%</u>	<u>10.98%</u>
Excess Return		0.22%	0.15%	0.72%
BlackRock Russell 1000 Value	\$124,594,668	0.94%	-1.36%	5.10%
<i>Russell 1000 Value</i>		<u>0.94%</u>	<u>-1.36%</u>	<u>4.99%</u>
Excess Return		0.00%	0.00%	0.11%
Dodge & Cox-Equity	\$186,322,785	2.61%	-1.68%	4.99%
<i>Russell 1000 Value</i>		<u>0.94%</u>	<u>-1.36%</u>	<u>4.99%</u>
Excess Return		1.67%	-0.32%	0.00%
<b>Legato Capital</b>	<b>\$92,962,936</b>	<b>-2.55%</b>	<b>1.66%</b>	<b>7.05%</b>
<i>Russell 2000 Growth</i>		<u>-2.94%</u>	<u>1.80%</u>	<u>6.92%</u>
Excess Return		0.39%	-0.14%	0.13%
<b>Capital Prospects</b>	<b>\$100,318,361</b>	<b>-1.93%</b>	<b>1.80%</b>	<b>2.70%</b>
<i>Russell 2000 Value</i>		<u>-2.14%</u>	<u>1.69%</u>	<u>-0.18%</u>
Excess Return		0.21%	0.11%	2.88%

	Market Value	1 Mo	3/1/15 - 3/31/15	Fiscal YTD
Mellon S&P 500	\$104,220,427	0.96%	-1.58%	8.18%
<i>S&amp;P 500</i>		<u>0.96%</u>	<u>-1.58%</u>	<u>8.15%</u>
Excess Return		0.00%	0.00%	0.03%
<b>International Equity</b>	<b>\$329,700,221</b>	<b>5.03%</b>	<b>-1.21%</b>	<b>0.44%</b>
<i>MSCI ACWI ex US</i>		<u>5.12%</u>	<u>-1.54%</u>	<u>-0.69%</u>
Excess Return		-0.09%	0.33%	1.13%
LSV Asset Mgt	\$163,563,211	5.84%	-1.66%	-0.23%
<i>MSCI ACWI ex USA Gross</i>		<u>5.12%</u>	<u>-1.54%</u>	<u>-0.69%</u>
Excess Return		0.72%	-0.12%	0.46%
Pyramis	\$166,137,009	4.25%	-0.77%	1.10%
<i>MSCI ACWI ex USA Gross</i>		<u>5.12%</u>	<u>-1.54%</u>	<u>-0.69%</u>
Excess Return		-0.87%	0.77%	1.79%
<b>US Fixed Income</b>	<b>\$494,035,809</b>	<b>0.01%</b>	<b>0.39%</b>	<b>3.04%</b>
<i>Barclays Aggregate</i>		<u>-0.36%</u>	<u>0.46%</u>	<u>3.23%</u>
Excess Return		0.37%	-0.07%	-0.19%
Dodge & Cox-Fixed	\$382,443,586	0.05%	0.38%	3.12%
<i>Barclays Aggregate</i>		<u>-0.36%</u>	<u>0.46%</u>	<u>3.23%</u>
Excess Return		0.41%	-0.08%	-0.11%
PIMCO	\$111,592,223	-0.15%	0.41%	2.77%
<i>Barclays Aggregate</i>		<u>-0.36%</u>	<u>0.46%</u>	<u>3.23%</u>
Excess Return		0.21%	-0.05%	-0.46%
<b>Real Estate</b>	<b>\$29,233,751</b>	<b>-2.72%</b>	<b>2.09%</b>	<b>10.93%</b>
<i>DJ US Select RESI</i>		<u>-5.80%</u>	<u>1.79%</u>	<u>10.19%</u>
Excess Return		3.08%	0.30%	0.74%



	Market Value	1 Mo	3/1/15 - 3/31/15	Fiscal YTD
American Strategic Value Realty	\$7,973,478	0.00%	6.07%	--
<i>NCREIF Property Index</i>		<u>0.00%</u>	<u>3.57%</u>	<u>9.53%</u>
Excess Return		0.00%	2.50%	
BlackRock US Real Estate	\$13,280,969	-5.80%	1.78%	10.14%
<i>DJ US Select RESI TR USD</i>		<u>-5.80%</u>	<u>1.79%</u>	<u>10.19%</u>
Excess Return		0.00%	-0.01%	-0.05%
Greenfield Gap	\$7,979,172	0.00%	0.00%	--
<b>Direct Lending</b>	<b>\$100,842,009</b>	<b>-0.45%</b>	<b>0.41%</b>	<b>4.98%</b>
<i>9% Annual</i>		<u>0.72%</u>	<u>0.72%</u>	<u>7.45%</u>
Excess Return		-1.17%	-0.31%	-2.47%
Medley Capital	\$31,752,243	0.00%	0.00%	3.85%
Raven Capital	\$30,156,844	-0.50%	0.46%	4.37%
White Oak Pinnacle	\$38,932,923	-0.79%	0.71%	7.95%
12th Street Building	\$2,500,000	0.00%	0.00%	0.00%
Cash Account	\$15,909	11.19%	452.58%	514.58%