



**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
832 12th Street, Suite 600  
Modesto, CA 95354  
MAIL: P.O. Box 3150 Modesto 95353-3150

Phone (209) 525-6393  
Fax (209) 558-5976  
[www.stancera.org](http://www.stancera.org)  
e-mail: [retirement@stancera.org](mailto:retirement@stancera.org)

## AGENDA

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

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

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

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

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

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

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

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

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

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

1. Meeting Called to Order
2. Roll Call
3. Announcements
4. Public Comment
5. Consent Items
  - a. Approval of the February 11, 2015 Meeting Minutes [View](#)
6. Annual Performance Report by Capital Prospects, LLC [View](#)
  - a. Value Added Report [View](#)

7. Strategic Investment Solutions (SIS), Inc.
  - a. Investment Performance Analysis for the Quarter Ending December 31, 2014 [View](#)
  - b. StanCERA Investment Managers Peer Rankings for Quarter Ending December 31, 2014 [View](#)
  - c. StanCERA Investment Managers Review List for Quarter Ending December 31, 2014 [View](#)
  - d. Monthly Flash Report for the Month Ending January 31, 2015 [View](#)
  - e. Report on “Top 10 Holdings” of StanCERA Investment Managers as of January 31, 2015 [View](#)
8. Executive Director
  - a. Value Added / Cash Flow Report [View](#)
  - b. Alternative Investments Report for Quarter Ending September 30, 2014 [View](#)
9. Closed Session
  - a. Discussion and Action Regarding Allocation of StanCERA’s Infrastructure Assets Government Code Section 54956.81
  - b. Conference with Legal Counsel – Pending Litigation – One Case: Stanislaus County Employees’ Retirement Association v. Buck Consultants, 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)
10. Members’ Forum (Information and Future Agenda Requests Only)
11. Adjournment



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**PLEASE POST FOR EMPLOYEE VIEWING**

**BOARD OF RETIREMENT MINUTES**

**February 11, 2015**

**Trustees Present:** Jegan Raja (for Gordon Ford), Darin Gharat, Michael O'Neal  
Donna Riley, Maria DeAnda, Jason Gordo, and Mike Lynch

**Trustees Absent:** Gordon Ford, Jeff Grover and Jim DeMartini

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

**Staff Present:** Rick Santos, Executive Director  
Kathy Herman, Fiscal Services/Operations Manager  
Dawn Lea, Benefits Manager

**Others Present:** Fred Silva, General Legal Counsel  
Doris Foster, Chief Executive Office  
Jody Hayes, Chief Executive Office  
Jeanine Bean, Stanislaus County Courts

1. Meeting Called to Order

Meeting called to order at 2:03 p.m. by Trustee DeAnda, Chair.

3. Announcements (Heard Out of Order)

Director announced that Dawn Lea would be filling in for Kellie Gomes at today's meeting.  
Director announced that an error had been discovered in the minutes and were corrected prior to today's meeting.

2. Roll Call

4. Public Comment

5. Consent Items

a. Approval of the January 27, 2015 Meeting Minutes

5. Consent Items (Cont.)

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

1. Belmares, Carmen – BHRS – Effective 02-03-2015
2. Bryant, Graylin – Public Defender – Effective 02-03-2015
3. Dieker, Sandra – BHRS – Effective 12-31-2014
4. Eslinger, Sharon – DCSS – Effective 02-03-2015
5. Green Teresa – Alliance Worknet – Effective 02-07-2015
6. Hines, Teri – CSA – Effective 02-10-2015
7. Houck, Raymond – Public Works – Effective 02-20-2015
8. Maddox, Donald – Superior Court – Effective 01-07-2015
9. Marquer, Shelly – Superior Court – Effective 01-15-2015
10. Martinez, Roseanne – Superior Court – Effective 01-31-2015
11. Mota, Barbara – CSA – Effective 02-21-2015
12. Riqueros, Janice – Dept of Env Resources – Effective 02-06-2015
13. Sianez, Claudia – CSA – Effective 12-11-2014
14. Sikma, Larry – Sheriff – Effective 02-20-2015 \*
15. Ubides, Denise – Sheriff – Effective 02-07-2015 \*

*\* Indicates Safety Personnel*

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

1. Bibi, Huseena – HSA – Effective 09-01-2006
2. Cassidy, Alan – DA – Effective 01-16-2015
3. Cotter, Susan – Alliance Worknet – Effective 10-14-2014
4. Harris, Karen – HSA – Effective 10-25-2014
5. King, John R – City of Ceres – Effective 08-16-2014 \*
6. Lazar, Nancy – HSA – Effective 01-24-2015
7. Mincey, Roslyn – CSA – Effective 01-23-2015
8. Parrish, Claudia – Ag Commissioner – Effective 01-10-2015
9. Plascencia, Jose – CSA – Effective 12-27-2014
10. Rodriguez, Amelia – Probation – Effective 01-24-2015

*\* Indicates Safety Personnel*

d. Approval of Death Benefit – **Sections 31781, 31781.1, and 31781.3**

1. Boyd, Gary, Deceased 01-29-2015, Deferred Member

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

1. Grimm, Bryan - Sheriff, Service-Connected, Effective 06-23-14

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

Motion carried unanimously.

6. Executive Director

- a. Monthly Staff Report
- b. Financial Auditor - Request for Proposal (RFP)

Kathy Herman gave the Board an update on the RFP process and anticipated timeline for the procurement of the StanCERA auditor.

- c. Discussion and Action Regarding the Information Technology (IT) Plan & Pension Administration Software (PAS)

Motion was made by Trustee Gordo and seconded by Trustee Lynch to approve the staff recommendation for staff to seek a qualified firm (Proposer) to develop a five year Comprehensive Strategic Information Technology Plan that includes a high level blueprint for the implementation, budget and support of technology over the next five years.

Motion carried unanimously.

7. Closed Session

- a. Discussion and Action Regarding Allocation of StanCERA's Infrastructure Assets Government Code Section 54956.81
- b. Conference with Legal Counsel – Pending Litigation – One Case:  
Stanislaus County Employees' Retirement Association v. Buck Consultants, LLC, Mediation Pursuant to Evidence Code Sections 1115, 1119, 1152 Government Code Section 54956.9(d)(4)
- c. Conference with Legal Counsel – Pending Litigation – One Case:  
O'Neal et al v. Stanislaus County Employees' Retirement Association  
Stanislaus County Superior Court Case No. 648469  
Government Code Section 54956.9(d)(1)
- d. Conference with Legal Counsel – Pending Litigation – One Case:  
Nasrawi et al v. Buck Consultants, LLC, et.al, Santa Clara County  
Superior Court Case No. 1-11-CV202224; Court of Appeal, Sixth Appellate  
District, Case No. H038894  
Government Code Section 54956.9(d)(1)

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



9. Adjournment

Meeting adjourned at 2:37 p.m.

Respectfully submitted,

Rick Santos, Executive Director

A handwritten signature in blue ink, appearing to read "Rick Santos", written over a horizontal line.

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

By:   
Fred A. Silva, General Legal Counsel

A handwritten signature in blue ink, appearing to read "Fred A. Silva", written over a horizontal line.

*Capital Prospects LLC*

*Stanislaus County Employees' Retirement Association*

*Small Cap Value Emerging Manager Program Review*

*February 24, 2015*

*Marilyn R. Freeman*

*Elizabeth A. Knope*



C A P I T A L   P R O S P E C T S   L L C

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## Capital Prospects LLC

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- Formed October, 2002; based in Stamford, CT
- SEC Registered Investment Adviser
- 100% women-owned and controlled; Principals each own 50%
- Focus on emerging manager-of-managers investment programs
  - Area of specialty for both partners since 1992
  - Built emerging business to approximately \$2.0 billion and 8 key clients at previous employer
- CP specializes in domestic emerging managers and minority/woman-owned managers
- AUM as of January 31, 2015 (*preliminary*): \$ 1,325 million; 7 client relationships
  - Russell 3000 \$ 384 million, 3 accounts
  - Russell 2000 Value \$ 177 million, 2 accounts
  - Russell 2000 \$ 315 million, 4 accounts
  - Russell 3000/Barclays Intermediate Aggregate \$ 449 million, 1 account
- New client relationship: Sub-advisor in Segal Rogerscasey's Master Manager Program – small cap





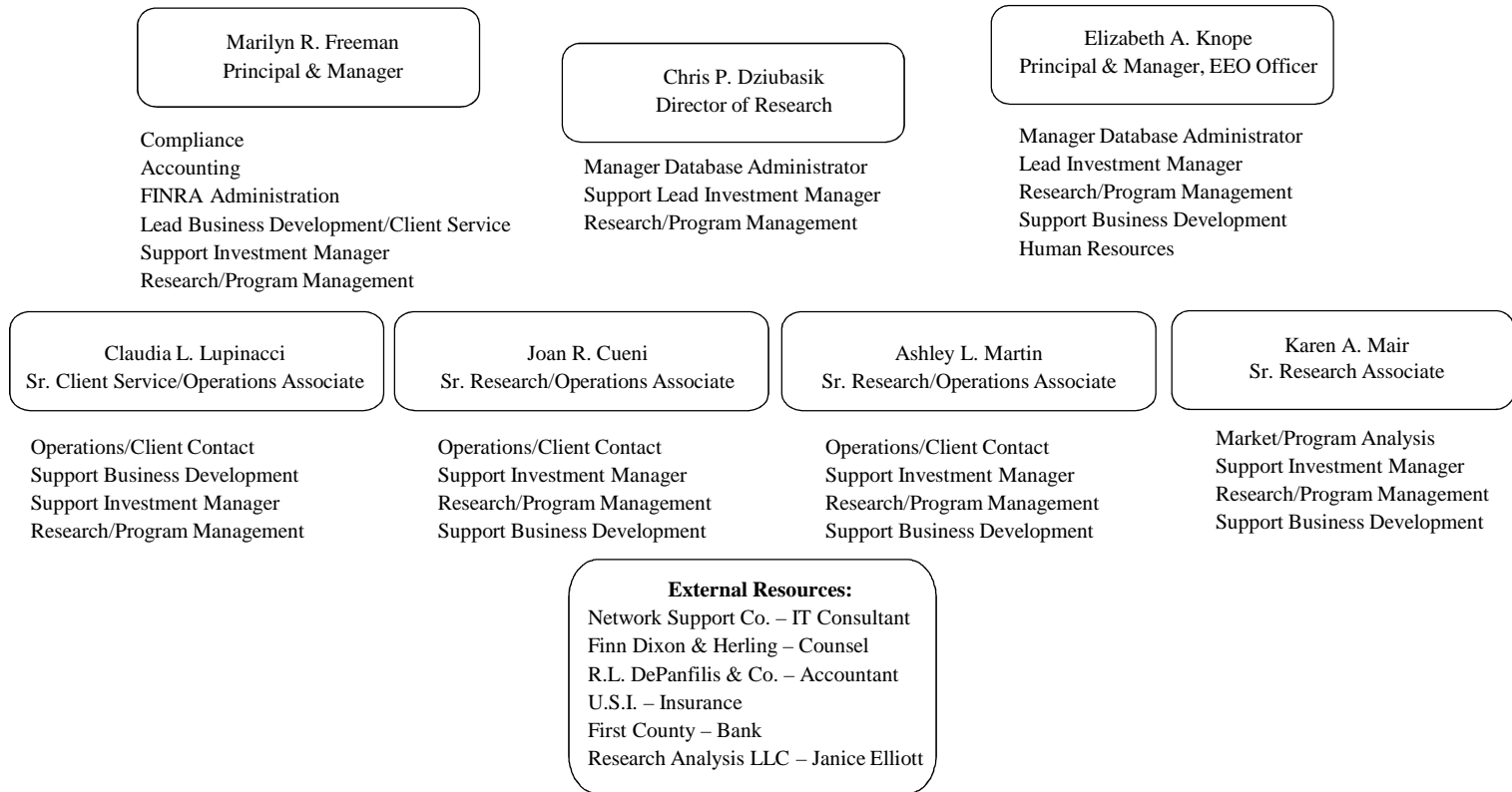
## Capital Prospects LLC - Client Profile

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Client	Total Plan (9/13) (billions)		CP Allocation (1/15 est.) (millions)		Benchmark	Funding Date
1	\$	172.4	\$	179.2	Russell 2000	5/2008
2		143.9		209.0	Russell 3000 & Russell 2000	12/2007 (small cap 6/2012)
3		41.7		448.8	Blended Broad Equity & Barclays Intermediate	12/2008
4		27.1		266.9	Russell 3000	8/2005
5		12.9		43.8	Current Russell 3000	1/2006
6		2.3		82.5	Russell 2000 Value	7/2006
7		1.8		94.6	Russell 2000 Value	1/2009



## Capital Prospects LLC - Organizational Chart



Name	Title/Role	Yr Joined	# Yr Exp.	Education/Certifications
Marilyn R. Freeman	Principal & Manager, CCO	2001	30+	BA, MBA
Elizabeth A. Knope	Principal & Manager, EEO	2002	34+	BA, MBA, CFA
Chris P. Dziubasik	Director of Research	2014	14	BS, MBA
Karen A. Mair	Sr. Research Associate	2012	18	BA, MBA
Joan R. Cueni	Sr. Research/Operations Associate	2004	16	BS
Claudia L. Lupinacci	Sr. Client Service/Operations Associate	2006	16	BA
Ashley L. Martin	Sr. Research/Operations Associate	2008	8	BBA



## Capital Prospects LLC

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### **Marilyn R. Freeman**

- \* Principal and Manager, **Capital Prospects LLC**
- \* EVP & Director of Client Service, **Northern Trust Global Advisors, Inc.** and predecessor firm **RCB International, Inc.**
- \* Partner and Managing Director, **Rogers, Casey & Barksdale, Inc.**
- \* Member of The Greenwich Roundtable

### **Elizabeth A. Knope, CFA**

- \* Principal and Manager, **Capital Prospects LLC**
- \* EVP & Director of U.S. Investment Research, **Northern Trust Global Advisors, Inc.** and predecessor firm **RCB International, Inc.**
- \* Partner and Managing Director, **Rogers, Casey & Barksdale, Inc.**
- \* Manager, Pension Fund Planning & Analysis, **AT&T** and **New England Telephone**
- \* Investment Analyst, **The Boston Company, Inc.**

### **Chris P. Dziubasik**

- \* Director of Research, **Capital Prospects LLC**
- \* Associate Director-Equities, **Commonfund Asset Management Co.**
- \* Senior Investment Analyst, **3D Asset Management Inc.**
- \* Senior Analyst, **CRA Rogers Casey**

### **Karen A. Mair**

- \* Sr. Research Associate, **Capital Prospects LLC**
- \* Director, Private Banking & Investments Group, **Merrill Lynch & Co.**
- \* Senior Risk Manager, **Engelhard Corporation**
- \* Senior Financial Analyst, **Federal Reserve Bank of NY**

### **Joan R. Cueni**

- \* Sr. Research/Operations Associate, **Capital Prospects LLC**
- \* Research Assistant, **HEI Hospitality**
- \* Jr. Analyst, **Northern Trust Global Advisors, Inc.**

### **Claudia L. Lupinacci**

- \* Sr. Client Service/Operations Associate, **Capital Prospects LLC**
- \* Sr. Analyst, Client Services Team Leader, **Northern Trust Global Advisors, Inc.**
- \* Staff Accountant, **J.S. Karlton Company, Inc.**

### **Ashley L. Martin**

- \* Sr. Research/Operations Associate, **Capital Prospects LLC**
- \* Director Accounting, Reporting, Legal & Compliance, **Parenteau Associates LLC**
- \* Assistant, VP of Finance & Administration office, **Western CT State University**

30+ years investment experience  
B.A. State University of NY at Stony Brook  
M.B.A. University of Connecticut

34+ years investment experience  
B.A. Skidmore College  
M.B.A. Boston University

14+ years investment experience  
B.S. Central Connecticut State University  
M.B.A. University of Bridgeport

18+ years investment experience  
B.A. Trinity College  
M.A. Harvard University

16+ years investment experience  
B.S. Iona College

16+ years investment experience  
B.A. Pace University

8+ years investment experience  
B.B.A. Western Connecticut State University



## Research Universe

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- Specialized focus on domestic emerging managers – over 30 years experience evaluating/funding emerging firms
- “Emerging” is a client-defined term – the resulting candidate universe is dynamic. We extend coverage to:
  - More recently established investment firms
  - Established firms newly entering the institutional arena
  - Emerging talent/products within larger organizations on an opportunistic basis
- We monitor established as well as emerging minority- and woman-owned investment firms
- “Focus List” of generally 170-180 firms includes those subject to more extensive research/monitoring and those currently funded; secondary list of firms (currently numbers 140) are either very early on in the research process or those still monitored but of less interest



## Investment Strategy and Objectives

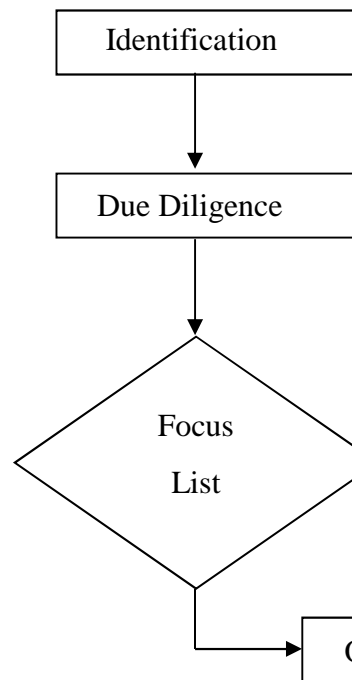
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- Primary investment program goal is to add value over the chosen benchmark within acceptable risk parameters
  - Benchmark, risk tolerances and return expectations determined in conjunction with client
- Manager research focuses on identifying investment managers able to develop unique insights/strategies, who have solid implementation processes that prospectively give them a performance advantage
- Investment program construction keys off the profile and dynamics of the benchmark. We engineer the manager mix so that the overall program will be:
  - Tailored to risk specifications
  - Well-diversified
  - Benchmark “style” neutral
- At every step, judgments are developed based upon an assessment of both qualitative and quantitative factors
- Value added results in part from our construction decisions but is primarily expected to come from the active decisions of the individual managers in terms of:
  - Security selection
  - Sector/industry bets
  - Investment/economic themes

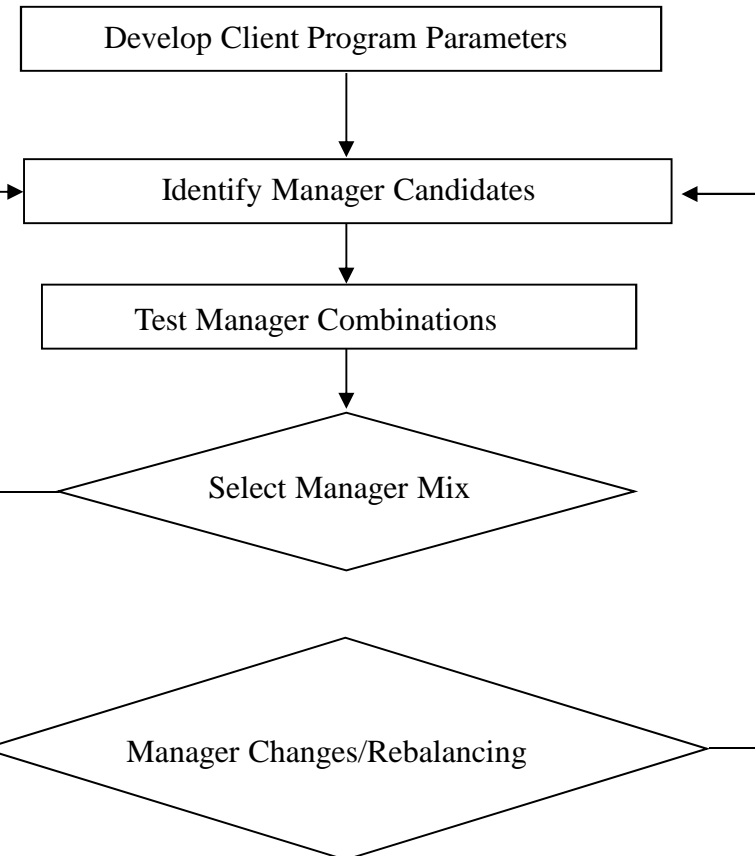


## Investment Process

### Manager Research Effort



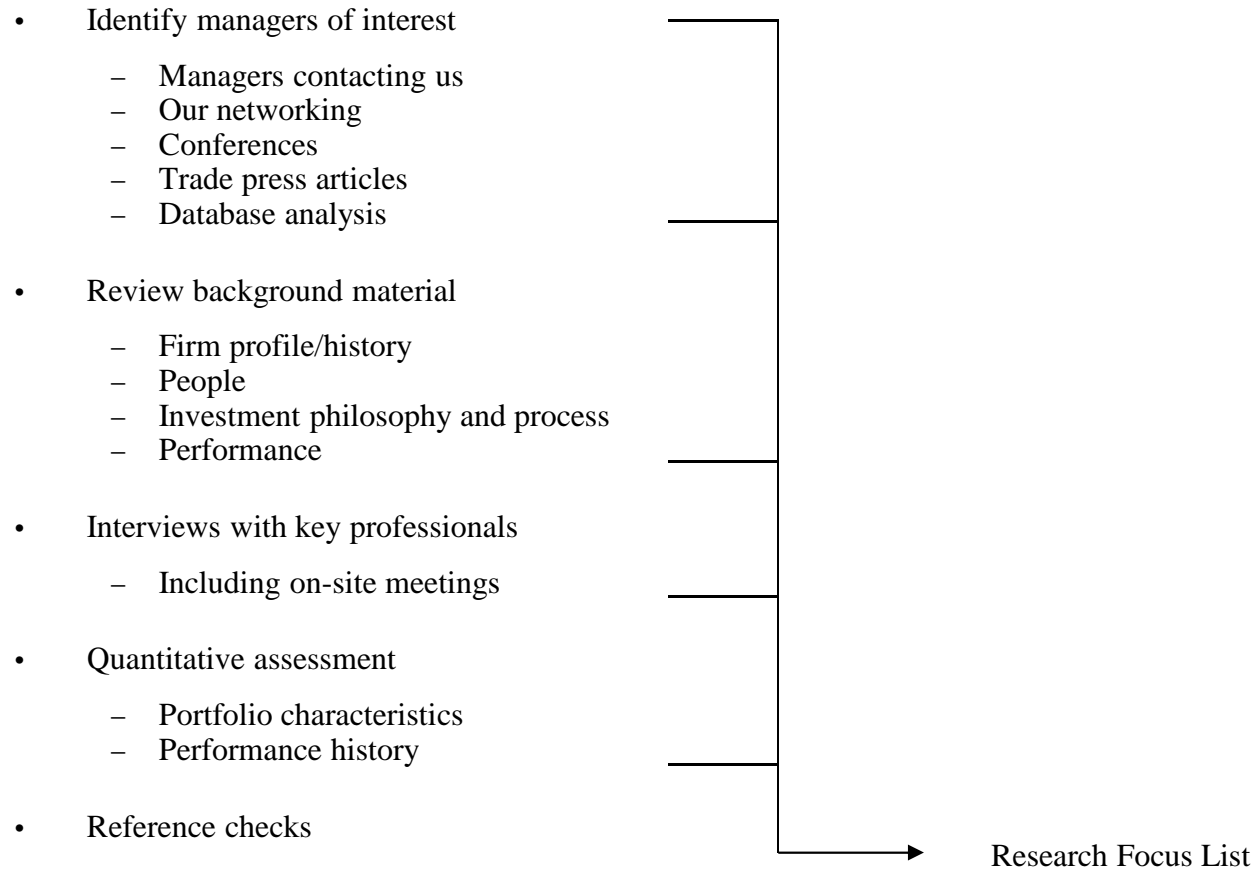
### Decision Making Process Investment Program Management



## Investment Process

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### Ongoing Manager Research and Evaluation





## Manager Evaluation

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### Qualitative Factors

- Organization
  - History/development of firm, business profile, financial resources, growth plans
  - Investment professionals' backgrounds/experience, commitment
  - Strength of support structure and operational/administrative controls
  - Any regulatory issues
- Investment philosophy and process
  - Thoroughness and depth
  - Caliber of research effort and adequacy of resources
  - Flexibility of thought process
  - Effectiveness of implementation – buy and sell disciplines, trading
  - Consistency of characteristics with style
  - Potential to add value / “uniqueness” versus peers

### Quantitative Factors

- Portfolio characteristics and risk factor exposures
  - Consistency over time and with style
- Risk profile
  - Diversification characteristics, volatility measures, tracking error
- Historical performance comparisons
  - Versus benchmark, peers, style and in different market environments
- Value added expectations



## Investment Process

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### Investment Program Management

- Define parameters of client program
  - Investment objectives
  - Manager qualifications
  - Benchmark
  - Risk and return expectations
- Develop manager candidate list (from Research Focus List)
- Program construction
  - Test manager combinations for optimal mix versus benchmark
    - Diversification
    - Risk profile
    - Value added potential
- Ongoing monitoring
  - Results versus selection criteria
  - Performance analysis and attribution
- Program rebalancing; manager changes/graduation
  - Rebalance to original style, capitalization and specific manager allocations periodically
  - Terminations typically result from adverse firm developments, inconsistent strategy, excessive asset growth, undesirable volatility or persistent underperformance
  - Graduation policy set in conjunction with the client - in our view, these may be case-by-case decisions driven by expected value-added potential



## Resource Commitment

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- Continued due diligence on vendors of analytical systems to support our manager research, investment program management and client service requirements
- Currently have agreements in place with:
  - |  |                          |   |
|--|--------------------------|---|
| – eVestment Alliance                     | Manager database:        | Manager profiles, performance, returns-based analytics, peer group comparisons  |
| – Thomson Reuters Vestek/TPA             | Fundamental analytics:   | Risk model, portfolio analytics, holdings-based performance attribution, market data and analysis, broad market and custom benchmarks, fixed income analytics |
| – Strategic Investment Solutions Pertrac | Returns-based analytics: | Performance and risk analytics, optimizer   |
| – Russell RIO                            | Index Data:              | Russell Index constituent data and analytics  |
- We are committed to acquiring additional tools, as we identify them, that we believe will enhance our ability to deliver a consistently superior investment product



## Stanislaus County Employees' Retirement Association

### Asset Allocation

- Funding date 1/1/09: \$49.1 million
  - 2010 Scheduled Cash Flow: (\$300k) monthly
  - Cash Flow 5/3/10: (\$7.5 million)
  - 2011 Scheduled Cash Flow through 7/15/11: (\$250k) monthly
  - Cash Flow 6/3/11: (\$10 million)
  - Cash Flow 4/1/14: (\$2.2 million)
  - Current value 1/31/15 (*preliminary*): \$ 94.7 million
- Manager changes/rebalancing
- June, 2013 – transitioned Ten to Haber Trilix, retaining same portfolio manager
  - November, 2013 – replaced Haber Trilix (firm closed) with Pacific Ridge

	Total Assets (\$000)	% of Fund
<b>Bernzott</b>	\$13,184	13.9 %
<b>Channing</b>	21,886	23.1
<b>InView</b>	20,986	22.2
<b>Keeley</b>	11,893	12.6
<b>Pacific Ridge</b>	14,012	14.8
<b>Walthausen</b>	12,726	13.4
<b>Total Fund</b>	<b>\$94,687</b>	<b>100.0 %</b>



## Stanislaus County Employees' Retirement Association

### Equity Investment Characteristics – 12/31/2014

Manager	% Total	# Holdings	Wtd. Avg. Mkt. Cap (\$B)	Forecast P/E	Price/Book	Forecast Growth (%)	Yield (%)
Bernzott	13.8%	29	\$3.9	18.7x	3.7x	11.6%	1.3%
Channing	22.9	38	2.5	18.3	2.8	11.6	1.5
InView	22.1	61	2.4	16.4	2.9	14.6	3.1
Keeley	12.6	72	2.7	19.9	3.4	14.3	1.6
Walhausen	13.7	78	1.2	18.0	2.4	12.8	1.3
Pacific Ridge	15.0	66	0.3	20.7	2.0	15.8	1.0
<b>Total Portfolio</b>	100%	317	\$2.2	18.4x	2.8x	13.3%	1.7%
<b>Russell 2000 Value</b>		1,377	\$1.7	19.9x	2.0x	11.0%	2.0%

- All managers employ varying degrees of quantitative, fundamental and technical analysis: objective is to achieve a balanced mix
- “Core” position (60%) combines Channing’s and InView’s intrinsic value focus on currently undervalued, high quality companies with improving outlooks with a dedicated micro cap allocation to Pacific Ridge
- Remaining 40% more “eclectic”
  - Bernzott: Long term support from dividend/earnings growth plus critical assessment of management
  - Keeley: Corporate restructurings (especially spin-offs)
  - Walhausen: Cash flow generation; value creation strategies
- Resulting portfolio:
  - Well-diversified
  - Higher ROE than benchmark (18.3% vs. 8.7%)
  - PEG ratio (on forecast growth and P/E) at a 24% discount to the benchmark
  - Moderate risk level (forecast tracking error of 2.77)



## Stanislaus County Employees' Retirement Association

*Sector Allocation – 12/31/2014*

<i>Shown in %</i>	<b>Bernzott</b>	<b>Channing</b>	<b>InView</b>	<b>Keeley</b>	<b>Pacific Ridge</b>	<b>Walthausen</b>	<b>Total Equity</b>	<b>Russell 2000 Value</b>
<b>Energy</b>	2.0	2.1	6.5	3.3	1.0	3.3	3.2	4.1
<b>Materials</b>	13.4	5.3	6.3	7.7	5.5	10.5	7.7	4.4
<b>Industrials</b>	29.1	22.4	19.0	22.1	21.4	27.1	23.0	13.0
<b>Consumer Discretionary</b>	17.3	11.0	12.1	18.2	16.4	16.7	14.6	11.7
<b>Consumer Staples</b>	1.6	2.5	3.7	1.5	1.6	1.8	2.3	2.8
<b>Healthcare</b>	14.4	4.8	3.5	2.0	7.1	4.1	5.7	5.4
<b>Financials</b>	-	31.5	38.3	30.7	20.8	26.1	26.2	40.9
<b>Information Technology</b>	22.2	15.1	5.5	8.3	25.1	10.5	14.1	10.0
<b>Telecommunication Services</b>	-	-	-	-	1.0	-	0.1	0.8
<b>Utilities</b>	-	5.1	5.2	6.2	-	-	3.1	6.9



## Stanislaus County Employees' Retirement Association

### Top Ten Holdings – 12/31/14

Bernzott	%	Channing	%	InView	%	Keeley	%
TSYS	5.3	Belden Inc	3.3	Meritor, Inc	4.0	Vail Resorts Inc	2.3
Gentex Corp	5.0	Microsemi Corporation	3.2	American Equity Inv	3.6	Hanover Insurance	2.3
Hillenbrand, Inc	4.9	Steelcase Inc	3.1	Deluxe Corporation	3.3	Verint Systems Inc	2.2
SP Plus Corporation	4.9	MB Financial, Inc	3.1	Portland Gen Ele	3.1	Ryman Hos Prop	2.1
FTI Consulting, Inc	4.8	Hexcel Corp New	3.0	Brinker Intl	2.6	First AM	2.1
Mistras Group, Inc	4.6	First American Financial	3.0	Littelfuse, Inc	2.5	Denny's Corp	2.0
Verint Systems Inc	4.5	Iberiabank Corp	3.0	Carriage Services, Inc	2.4	Federal-Mogul	1.9
Cinemark Holdings, Inc	4.4	Corp Office Prop	2.9	Omnicare, Inc	2.3	ITT Corp	1.9
Synopsys, Inc	3.9	Lithia Motors, Inc	2.9	EnPro Industries, Inc	2.3	CST Brands ORD WI	1.9
Landauer, Inc	<u>3.9</u>	Booz Allen	<u>2.9</u>	PrivateBancorp, Inc	<u>2.2</u>	Hillenbrand, Inc	<u>1.8</u>
Total	46.3	Total	30.6	Total	28.2	Total	20.5

Pacific Ridge	%	Walthausen	%	Total Fund	%
P.A.M Transp Services	2.7	Gentiva	2.2	Hillenbrand, Inc	1.5
Datalink Corp	2.5	Deluxe Corporation	2.0	Regal Beloit Corp	1.3
Big 5 Sporting	2.4	Werner Enterprise	2.0	Littelfuse, Inc	1.2
Ultra Clean Holdings	2.2	Capella Education Comp	2.0	MB Financial, Inc	1.1
Cross Country Healthcare	2.2	Darling Ingredients	1.8	Deluxe Corporation	1.0
Dot Hill Systems Corp	2.2	Multi-Color Corp	1.8	First American Financial	1.0
Park Sterling Corp	2.1	M/I Homes, Inc	1.8	American Equity Inv	1.0
Patrick Industries	2.1	Primerica, Inc	1.7	Steelcase Inc	0.9
Integrated Silicon Sol	2.1	Sonus Networks, Inc	1.7	Verint Systems Inc	0.9
Hallmark Fin	<u>2.1</u>	Eagle Bancorp, Inc	<u>1.7</u>	Hexcel Corp New	<u>0.9</u>
Total	22.6	Total	18.7	Total	10.7





## Stanislaus County Employees' Retirement Association

### Comparative Investment Performance

Periods through 12/31/14

Subadvisors	2014	2013	2012	2011	2010	2009	1 Year to 12/31/14	3 Years to 12/31/14	5 Years to 12/31/14	Inception to 12/31/14	Inception Date
<b>Bernzott</b>	7.19 %	35.06 %	17.33 %	10.33 %	21.12 %	41.41 %	7.19 %	19.31 %	17.82 %	21.46 %	1/2/2009
<b>Channing</b>	5.48	39.62	22.88	-5.93	33.00	23.47	5.48	21.86	17.75	18.69	1/2/2009
<b>InView</b>	5.35	35.54	21.81	-8.13	17.48	41.27	5.35	20.26	13.42	17.65	1/2/2009
<b>Keeley</b>	1.47	38.80	23.34	-4.99	21.53	18.72	1.47	20.21	14.93	15.56	1/2/2009
<b>Walthausen</b>	4.71	36.51	33.56	-3.99	43.57	37.96	4.71	24.06	21.35	23.97	1/2/2009
<i>Russell 2000 Value</i>	4.22	34.52	18.05	-5.50	24.50	20.58	4.22	18.29	14.26	15.29	
<b>Pacific Ridge</b>	10.48	N/A	N/A	N/A	N/A	N/A	10.48	N/A	N/A	11.80	12/1/2013
<i>Russell Microcap Value</i>	3.15	N/A	N/A	N/A	N/A	N/A	3.15	N/A	N/A	4.53	
<b>Fund Composite</b>	<b>5.78 %</b>	<b>37.85</b>	<b>23.80 %</b>	<b>-4.03 %</b>	<b>28.02 %</b>	<b>30.04 %</b>	<b>5.78 %</b>	<b>21.76 %</b>	<b>17.27 %</b>	<b>19.31 %</b>	1/2/2009
<b>Net of Fees</b>	4.99	<b>36.85</b>	<b>22.89</b>	<b>-4.71</b>	<b>27.08</b>	<b>29.10</b>	<b>4.99</b>	<b>20.87</b>	<b>16.41</b>	<b>18.44</b>	
<i>Russell 2000 Value</i>	4.22	34.52	18.05	-5.50	24.50	20.58	4.22	18.29	14.26	15.29	

Periods through 1/31/15 - (preliminary)

Subadvisors	Month of January	1 Year to 1/31/15	3 Years to 1/31/15	5 Years to 1/31/15	Inception to 1/31/15
<b>Bernzott</b>	-2.99 %	10.05 %	16.43 %	17.72 %	20.53 %
<b>Channing</b>	-3.47	6.06	17.99	17.38	17.72
<b>InView</b>	-3.71	4.60	16.46	13.44	16.66
<b>Keeley</b>	-4.63	1.52	15.93	14.68	14.43
<b>Walthausen</b>	-5.79	4.27	18.42	20.01	22.40
<i>Russell 2000 Value</i>	-4.16	3.90	14.15	13.97	14.26
<b>Pacific Ridge</b>	-5.28	5.08	N/A	N/A	5.87
<i>Russell Microcap Value</i>	-4.79	1.30	N/A	N/A	-0.10
<b>Fund Composite</b>	<b>-4.19 %</b>	<b>5.29 %</b>	<b>17.58 %</b>	<b>16.92 %</b>	<b>18.18 %</b>
<b>Net of Fees</b>	<b>-4.25</b>	<b>4.51</b>	<b>16.71</b>	<b>16.07</b>	<b>17.32</b>
<i>Russell 2000 Value</i>	-4.16	3.90	14.15	13.97	14.26

Fund Performance Inception Date: January 2, 2009. Returns for periods greater than one year are annualized. Sub adviser returns are gross of fees. The portfolio Custodian bank is Northern Trust. We recommend comparing our report with the account statement you receive from the underlying Custodian to verify the accuracy of our statement. Past performance is not indicative of future results.



## **Stanislaus County Employees' Retirement Association**

### *Comparative Investment Performance – Overall Comments*

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- The investment program began during the tail end of the severe contraction covering late 2007 through early 2009 that accompanied the financial crisis and economic recession. The market turned sharply upward starting in March 2009 but was dominated for the next year by lower price, lower quality stocks at the expense of more fundamentally strong companies. From early 2010 until towards the end of 2012, the market – while positive on balance – see-sawed between optimism and pessimism driven by views on the sustainability of the U.S. economic recovery, slowing growth in emerging markets, financial crises in European economies and challenging fiscal issues globally, with investors exhibiting a commensurately variable appetite for risk taking (“risk-on/risk-off”) as opinions shifted. Building confidence in the sustainability of the economic recovery and less attention on macro factors supported a strong market in 2013, and one that was more amenable to rewarding stock selection. That “normalization” was not sustained in 2014, generating a difficult environment for active managers as the market became more volatile and rotated back to favoring more defensive positioning.
- Over the 73 months since inception (through January 2015), the Fund outperformed the benchmark by 390 basis points annualized, with value added in each year. On balance, stock selection contributed 70% of value added and sector positioning 30%. The most notable positive contributors were stock selection in industrials; underweighting and stock selection in energy and financials; overweighting consumer discretionary, and stock selection in technology. From a risk model perspective, factor positioning was a negative due to tilts toward higher market capitalization (relative to the benchmark), lower dividend yield and lower book to price, offset somewhat by favoring higher long term growth, positive earnings revisions and zero active exposure to momentum. Rewards from managers’ stock selection and sector positioning far outweighed those detractors.
- Since inception, all of the managers currently in the program are ahead of their benchmarks. We are pleased with this performance and expect value added from each of the managers over the longer term, but we anticipate there will be some periods of weak relative performance for individual managers as well as for the composite. We continue to have confidence in each of the managers in the investment program.



## Stanislaus County Employees' Retirement Association – Performance Overview

### Key market dynamics:

#### 2014

- 2014 was a challenging year for active managers with shifting cross currents throughout. Early favoring of companies with positive earnings revisions and long term growth characteristics (as economic news continued to be good) quickly shifted to rewarding more defensive characteristics (higher yield, stability and quality). A back-and-forth pattern prevailed and volatility increased. On balance it was best to have had a defensive posture in 2014, especially as one moved down the capitalization spectrum.
- The Russell 3000 returned 12.6%. The Russell Midcap, 1000 and Top 200 all posted returns in the 13.2% range. Small cap, on the other hand, experienced a significant correction during the year, rebounding in 4Q14 to finish the year up 4.9% (Russell 2000). Growth outpaced value in small cap, but value led growth in the broad market as a result of strength within mid cap. The Russell 2000 Value returned 4.2% for the year.
- The Russell 2000 Value was led by utilities (+18%) and healthcare (+16%), followed by financials, consumer staples, technology and consumer discretionary. Energy (-38%) was weakest and industrials, telecommunications and materials also declined.
- Favored full year risk factor exposures were positive earnings revisions, lower momentum, higher market cap, higher dividend yield, higher book/price and higher p/e.

#### 2013

- The market sustained a broad advance through virtually all of 2013 as investors displayed strengthening confidence in the economy and less concern over potential disruptions. The Russell 3000 gained an outstanding 33.6%. Smaller cap outpaced large – the Russell 2000 advanced 38.8% and the Russell Midcap was up 34.8%. The Russell 1000 rose 33.2% and the Russell Top 200 returned 32.4%. Growth outpaced value across the capitalization spectrum – dramatically so in mid cap (230 basis points) and small cap (880 basis points). The Russell 2000 Value's return was 34.5%.
- Outperforming sectors in the Russell 2000 Value (returning 41% to 49%) were consumer discretionary, healthcare, industrials, technology and consumer staples. Telecommunications was weakest followed by utilities, materials, energy and financials.
- The most rewarded risk factor tilts were toward lower market cap and lower p/e. Reversing trend, higher dividend yield was only modestly positive. Higher beta, momentum and long term growth were rewarded, while favoring higher book/price and positive earnings revisions was not.

### Fund Results:

#### 2014

*5.8% vs 4.2% for the benchmark*

- Outperformance came from stock selection, which added the most value in industrials, energy and technology. Healthcare and financials were the only areas of weak relative performance but absolute returns were strong (particularly in healthcare) and above the program benchmark.
- Sector positioning detracted on balance due mainly to overweighting industrials and materials and underweighting utilities and financials (notably low exposure to banks and REITs). Underweighting energy was notable positive. Overweighting technology and healthcare helped comparisons.
- From a risk model perspective, factor positioning was negative, due largely to tilts toward lower book/price and lower dividend yield and also to lower p/e, higher historical beta and away from positive earnings revisions. Favoring higher long term growth and higher market cap (vs. the benchmark) were positives.

#### 2013

*37.9% vs. 34.5% for the benchmark*

- Outperformance was about 60% attributable to sector positioning, which added value in all but materials (overweighted). Overweighting industrials and consumer discretionary and underweighting financials and utilities were key.
- Stock selection added the most value in financials, industrials, technology, materials and energy. Returns in consumer discretionary, healthcare and consumer staples were not able to keep pace with very strong sector gains but were high in absolute terms. (+32% to +37%).
- Factor positioning was positive overall. Tilts toward lower p/e, lower book/price, higher beta and higher long term growth were rewarded, partly offset by higher market capitalization (relative to the benchmark).



Note: All returns are gross of fees.

C A P I T A L   P R O S P E C T S   L L C

## Stanislaus County Employees' Retirement Association – Performance Overview

### Key market dynamics:

#### 2012

- The year started out strongly, as investors chose to focus on improving trends in the economy. As the year progressed, however, concerns over a number of issues impacting the global and domestic economies as well as uncertainties regarding the U.S. election outcome and needed action on fiscal issues took charge. Nonetheless, equities had a strong year, with the Russell 3000 advancing 16.4% (as did both the Russell 1000 and the Russell 2000). Midcap was strongest with the Russell Midcap up 17.3%. Value outperformed growth – most notably in small cap where the spread was 350 basis points. The Russell 2000 Value gained 18.1% for the year.
- The top performing sectors in the Russell 2000 Value were consumer discretionary, materials, financials and industrials (+20% to +27%). Energy was weakest (+2%), followed by utilities, technology, telecommunications, consumer staples and industrials.
- Positive exposure to book to price was the most rewarded risk factor tilt by a significant margin, followed by long term growth, positive earnings revisions and larger market capitalization. Tilts toward higher momentum, higher dividend yield, higher earnings yield (lower p/e) and higher beta were penalized.

#### 2011

- Despite ongoing economic concerns and various global “shocks,” upward biased market momentum continued into April until investors expressed renewed concern over the sustainability of the economic recovery. Things worsened over the summer months as concerns in particular over sovereign debt issues in the Eurozone mounted. Macro issues became predominant and investors moved between “risk-on” and “risk-off” postures (mostly “risk-off”) during a period of increased volatility. Correlations were high, with the market showing little discrimination in individual stock performance relative to fundamentals.
- The year ended largely where it began, with the Russell 3000 returning 1.0%. Larger cap “safe” stocks were the winners, with the Russell Top 200 up 2.8%. In contrast, the Russell 2000 fell -4.2% for the year. Growth generally outperformed value. The Russell 2000 Value returned -5.5%.
- Utilities was the strongest small cap value sector, returning 17%. Other outperforming sectors were healthcare, consumer staples and financials. The weakest sectors were energy and telecommunications (both at -14%), followed by technology, consumer discretionary, materials and industrials.

### Fund Results:

#### 2012

23.8% vs. 18.1% for the benchmark

- Outperformance was over 90% attributable to stock selection, which added by far the most value in industrials, consumer discretionary and technology. Materials, healthcare and energy were other notable areas of relative strength. Overweighting industrials, consumer discretionary and materials and underweighting utilities were positives as well.
- Areas of weakness included overweighting energy and technology and underweighting plus weak sector-relative performance in financials, although returns in financials were strong on an absolute basis and above the portfolio benchmark.
- From a risk model standpoint, factor exposures detracted for the year due mainly to favoring lower book to price and higher earnings yield, partially offset by positives from lower dividend yield, higher market cap (relative to the benchmark), higher long term growth and positive earnings revisions.

#### 2011

-4.0% vs. -5.5% for the benchmark

- Outperformance was all due to stock selection, with the strongest relative performance in consumer discretionary, technology, energy, consumer staples and industrials. Sector positioning was negative on balance, due mainly to underweighting utilities and overweighting industrials.
- Factor positioning was a positive as a result of tilts toward lower book to price, higher earnings revisions and the higher end of the market cap spectrum within small cap value, offsetting the negative impact of a tilt away from higher dividend yield.



Note: All returns are gross of fees.

*continued*

C A P I T A L P R O S P E C T S L L C

## Stanislaus County Employees' Retirement Association – Performance Overview

### Key market dynamics:

#### 2011 continued

- Higher dividend yield, momentum and earnings revision were the factors most rewarded for the year; higher book to price and historical beta were most penalized.

#### 2010

- Stock market rally that started in March 2009 continued into April 2010, and despite some perceived broadening was still dominated by low quality; from spring on, the market “see-sawed” reflecting alternating moods of investor pessimism and optimism regarding the economic recovery and longer term growth prospects.
- Mid and small cap stocks rose 26%-27%, handily leading the market; mega cap rose 13% and large cap was up about 16%. Russell 2000 Value returned 24.5%.
- Within small cap value, outperforming sectors were materials, industrials, consumer discretionary energy and technology.
- Factors rewarded most notably were higher dividend yield, higher beta and higher longer term growth.

#### 2009

- The equity market rally off the 3/9/09 low resulted in a 28.3% full year gain for the Russell 3000 while the Russell 2000 advanced 27.2%. (The Russell 2000 Value returned 20.6%.) Mid cap stocks were strongest (+41%), followed by large cap (+28%) – mega cap stocks advanced the least (+24%) for the year. Within the strong upswing, performance was dominated by low price, lower quality stocks at the expense of more fundamentally strong companies. For the year, growth outpaced value across the capitalization spectrum.
- Materials, consumer discretionary, technology, energy and telecommunications were the leading sectors in the Russell 2000 Value, while financials (which declined), utilities, industrials and consumer staples underperformed
- Factor returns rewarded for the year were higher book to price, higher forward e/p, higher long term expected growth, and in particular higher beta; those penalized were lower dividend yield, higher earnings revision yield, higher market cap and especially higher momentum.

### Fund Results:

#### 2010

28.0% vs. 24.5% for the benchmark

- About half of the value added came from sector positioning and was due to alignment with sectors of strength – i.e., overweighting industrials, materials and consumer discretionary and underweighting financials and utilities.
- Stock selection accounted for the other half of value added and was principally due to favorable relative performance in financials, materials, energy and healthcare.
- From a risk model standpoint, factor positioning was negative due mainly to tilts toward the higher end of the small cap stock segment and toward lower dividend yield and lower book to price.

#### 2009

30.0% vs. 20.6% for the benchmark

- Underweighting (low exposure to banks) and stock selection in financials a significant positive
- Other positives: overweighting materials (paper/packaging), consumer discretionary (apparel, leisure time), energy (services/equipment); underweighting utilities; stock selection in industrials, technology, consumer staples
- On balance, outperformance was 60% attributable to sector/industry positioning and 40% to stock selection
- Tilt toward lower book to price and minimal exposure to micro cap were negatives and more than offset positives from higher forward earnings to price, less negative long term growth and historical beta exposure, and lower momentum



Note: All returns are gross of fees.

C A P I T A L P R O S P E C T S L L C

## Stanislaus County Employees' Retirement Association

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### *Sub-Manager Firm Characteristics*

#### **Bernzott Capital Advisors**

Kevin Bernzott

Style: Small Cap Value

Benchmark: Russell 2000 Value

Camarillo, CA

Majority-Owned

12/31/14 AUM: \$529MM

Bernzott focuses on identifying stable, sustainable long term returns through extensive evaluation of value metrics and company management. Initially, screens are applied targeting companies with consecutive ten year periods of accelerating earnings and/or dividend growth. Additional ratios are applied to develop a select list of companies with attractive value characteristics. Key to the process is extensive discussion with top management, which enables Bernzott to determine their opinion as to the true worth of the underlying business. Buy prices are carefully determined to minimize downside risk.

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#### **Channing Capital Management**

Eric T. McKissack, Wendell E. Mackey

Style: Small Cap Value

Benchmark: Russell 2000 Value

Chicago, IL

African-American

12/31/14 AUM: \$1,981MM

Channing utilizes a fundamental, bottom up value approach that focuses on undervalued and neglected stocks (i.e., companies trading at a 40% or greater discount to their intrinsic value) that have improving returns and attractive growth opportunities. Screening disciplines focus on numerous variables, including cash flow multiples, earnings multiples, return on equity, return on capital and earnings growth rates. Companies of interest are high quality with strong management teams and have leading market positions or competitive advantages that will drive future earnings and cash flow growth but which are currently misunderstood and underfollowed by Wall Street. Extensive fundamental research conducted in-house is a hallmark of Channing's approach. Valuation disciplines focus on p/e and cash flow ratios and are examined relative to history, peers, growth rate, overall market and in light of the current stage in the business cycle.



## Stanislaus County Employees' Retirement Association

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### *Sub-Manager Firm Characteristics*

#### **InView Investment Management**

Glen Kleczka

Style: Small Cap Value

Benchmark: Russell 2000 Value

Chicago, IL

Majority-Owned

12/31/14 AUM: \$89MM

InView's investment process starts with the premise that equity prices systematically overreact to transitory psychology or events without regard to long term outlook or intrinsic value but do trend toward intrinsic value over time. Through quantitative screens they identify such companies displaying price/value disparities that are also good businesses with solid managements, favorable outlooks and improving financials. Fundamental research delves further into management's strength. Models are produced to develop InView's opinion as to intrinsic value and normalized earnings power, revealing the most attractive opportunities relative to current price.

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#### **Keeley Asset Management**

John L. Keeley, Jr.

Style: Small Cap Value

Benchmark: Russell 2000 Value

Chicago, IL

Majority-Owned

12/31/14 AUM: \$5,100MM

Investment strategy focuses primarily on companies involved in corporate restructurings (including spin-offs), as well as companies trading at or below perceived book value, companies emerging from bankruptcy and financial institution conversions. Stocks of companies in those categories traditionally have traded at discounts to inherent market value, and opportunities exist for a move to premium valuations as successful management of these typically focused businesses becomes evident in the marketplace. This is a heavily research-driven process, focusing on company-by-company analysis.





## Stanislaus County Employees' Retirement Association

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### *Sub-Manager Firm Characteristics*

#### **Pacific Ridge Capital Partners, LLC**

Dominic Marshall, Mark Cooper

Style: Micro Cap Value

Benchmark: Russell Microcap Value

Lake Oswego, OR

Majority-Owned

12/31/14 AUM: \$237MM

Pacific Ridge's micro cap value strategy is focused on the smallest and most inefficient segment of the U.S. equity market, consisting of a universe of 2,500 stocks in the \$25 to \$350 million market cap range. Ongoing quantitative screening includes common valuation metrics (with a focus on free cash flow and asset value), earnings estimate and revision data, profit margin trends, price/volume data, and others that attempt to quantify attractive attributes (such as low institutional ownership, low broker research coverage, high insider ownership, and insider buying activity). Non-quantitative means include management meetings at investor conferences and the firm's offices, broker research and contact with industry analysts. The process is a team process, whereby information and analysis on stocks is shared continually via initial formal analytical write-ups, ongoing maintenance updates, and a free-flow of information between the investment team members.

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#### **Walthausen & Co. LLC**

John B. Walthausen

Style: Small Cap Value

Benchmark: Russell 2000 Value

Clifton Park, NY

Majority-Owned

12/31/14 AUM: \$1,520MM

Walthausen's investment approach emphasizes neglected stocks and value on an individual basis relative to the full universe of small cap stocks. The process begins with a scoring process using 12 specific criteria grouped into value, insider sentiment, street enthusiasm, financial strength and relative momentum categories. Top scoring stocks are subject to proprietary fundamental research that looks carefully at management's historical success in creating value for shareholders, in their ability to generate cash flow going forward and at their opportunities and strategies to enhance future value. Portfolio construction focuses on each holding's contribution to the overall risk profile.

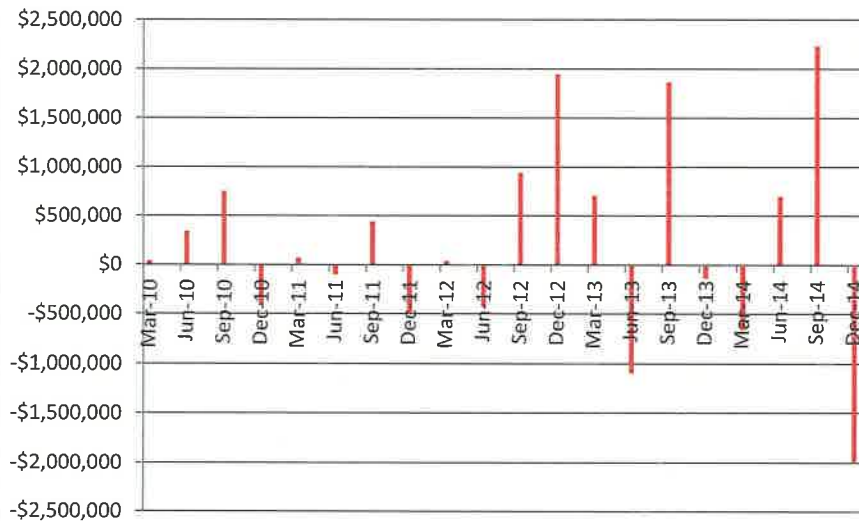


# CAPITAL PROSPECTS Quarterly Value Added

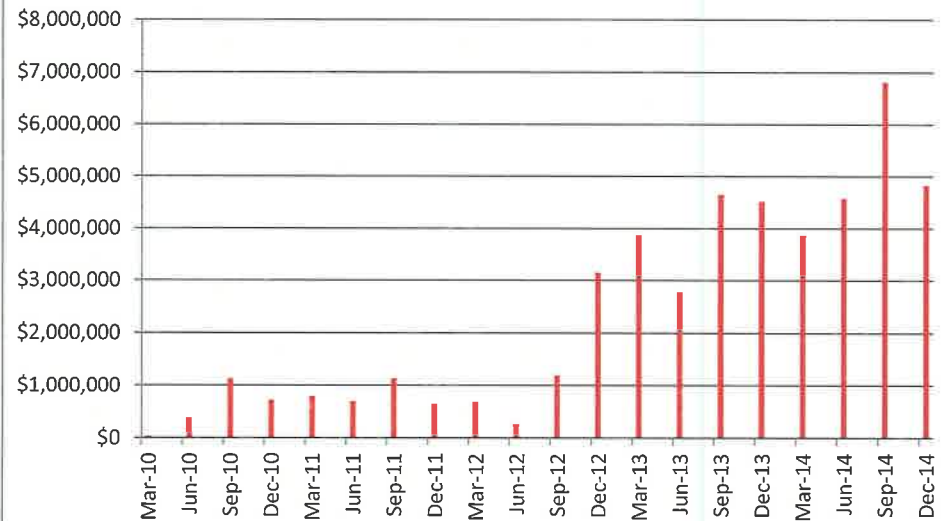
2/24/15  
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Quarter	Begin Date	End Date	Alpha	Fees		Value Added
				Managerial	Custodial	
1	12/31/2009	3/31/2010	\$172,742	\$123,719	\$6,289	\$42,735
2	3/31/2010	6/30/2010	\$469,514	\$120,854	\$6,261	\$342,399
3	6/30/2010	9/30/2010	\$873,418	\$113,604	\$5,806	\$754,009
4	9/30/2010	12/31/2010	-\$279,802	\$127,372	\$6,457	-\$413,631
5	12/31/2010	3/31/2011	\$218,674	\$139,484	\$7,171	\$72,018
6	3/31/2011	6/30/2011	\$44,992	\$136,107	\$7,292	-\$98,407
7	6/30/2011	9/30/2011	\$557,229	\$105,623	\$5,628	\$445,978
8	9/30/2011	12/31/2011	-\$378,530	\$108,585	\$4,888	-\$492,003
9	12/31/2011	3/31/2012	\$163,761	\$119,481	\$5,222	\$39,057
10	3/31/2012	6/30/2012	-\$301,042	\$117,427	\$5,636	-\$424,106
11	6/30/2012	9/30/2012	\$1,072,679	\$122,499	\$5,054	\$945,126
12	9/30/2012	12/31/2012	\$2,086,673	\$131,297	\$5,086	\$1,950,290
13	12/31/2012	3/31/2013	\$868,837	\$147,222	\$7,282	\$714,334
14	3/31/2013	6/30/2013	-\$924,866	\$154,313	\$7,805	-\$1,086,983
15	6/30/2013	9/30/2013	\$2,047,762	\$165,329	\$9,476	\$1,872,957
16	9/30/2013	12/31/2013	\$56,814	\$174,451	\$13,162	-\$130,799
17	12/31/2013	3/31/2014	-\$461,309	\$177,806	\$10,791	-\$649,906
18	3/31/2014	6/30/2014	\$893,341	\$178,020	\$8,773	\$706,548
19	6/30/2014	9/30/2014	\$2,429,920	\$176,546	\$15,919	\$2,237,454
20	9/30/2014	12/31/2014	-\$1,790,045	\$182,558	\$10,087	-\$1,982,690

CAPITAL PROSPECTS Quarterly Value Added



CAPITAL PROSPECTS Quarterly Cumulative Value Added



STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

**INVESTMENT PERFORMANCE SUMMARY**

**FOURTH QUARTER 2014**

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333 BUSH STREET | SAN FRANCISCO | 94104 | 415.362.3484

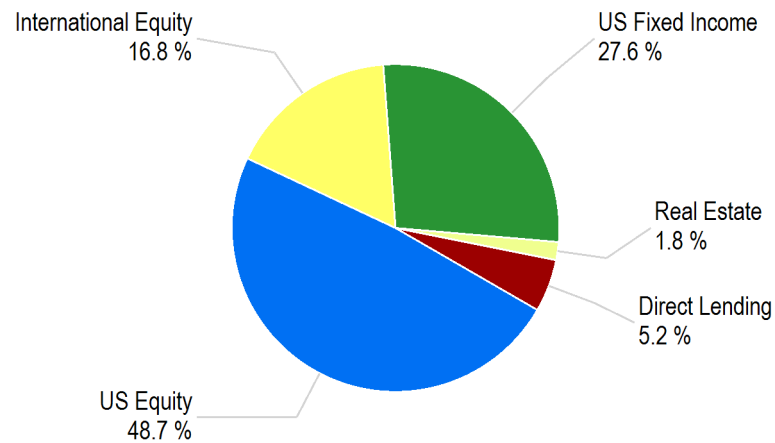
- Although volatility picked up, the S&P 500 rose 4.9% during the fourth quarter, driven by more dovish Fed commentary, gains in the labor market, and strong retail sales.
- Small cap equities outperformed in the US as the Russell 2000 index rose 9.7% in the fourth quarter.
- The decision by OPEC to not cut production led to sharp declines in the price of oil. Consequently, the Russell 3000 energy sector fell 12.9% in the fourth quarter.
- The euro fell 4.2% versus the dollar during the fourth quarter as monetary policy divergence and expectations of more unconventional easing by the ECB continued.
- With increased geopolitical risk and fears of Eurozone deflation, the Treasury curve flattened as 1- through 3-year rates rose while 5- through 30-year rates declined.
- The MSCI Emerging Markets Net Return Index fell 4.5% during the fourth quarter as the sharp decline in the price of oil and geopolitical tensions led to fears of contagion.
- The State Street Investor Confidence Index® (ICI) measures risk appetite by analyzing buying and selling patterns of institutional investors. With confidence declining among North American and European institutions, the Global ICI fell 11.8 points during the quarter to 112.1, remaining above the neutral level of 100.
- For the period ending 12/31/14, the one quarter returns for, respectively, the NAREIT Equity index and the NCREIF Property index (one quarter lag), were 14.2% and 2.63%; one year, 30.14% and 11.26%; three years, 16.33% and 11.08%; and five years, 16.88% and 10.99%.
- With the drop in oil prices, US consumers are expected to spend the savings, which should benefit the retail real estate sector. However, if energy companies stop spending and start cutting jobs, areas around Dallas and Houston, could be negatively impacted as consumers cut back.
- Searching for yield, many real estate investors are investing in riskier assets and accepting lower returns and longer periods of illiquidity.

- The composite fund returned 2.7% in the fourth quarter of 2014 and ranked in the 17<sup>th</sup> percentile among other public funds (1.9% median). The fund lagged its policy index (2.9%) during this time period. Longer term, the three and five-year returns of 13.5% and 10.6%, ranked above the median among public plans (11.0% and 9.2%, respectively).
- Fourth quarter results were enhanced by the following factors:
  1. The Mellon Capital S&P 500 Index Fund returned 5.0% for the quarter. The Fund was slightly higher than the S&P 500 Index (4.9%) and ranked below the median large cap core manager (5.1%).
  2. The BlackRock Russell 1000 Growth Index Fund returned 4.9% for the quarter and slightly led its benchmark (4.8%). The large cap growth equity median return is 5.0%.
  3. Jackson Square returned 6.9%, compared favorably to the Russell 1000 Growth Index's (4.8%); it ranked in the top quartile among large cap growth managers. Above par Consumer Staples (Walgreens Boots Alliance) and Healthcare (Allergan, Celgene) investments increased performance alpha. Over three years, Jackson Square returned above its benchmark and peer group median.
  4. The BlackRock Russell 1000 Value Index Fund (5.0%) matched its benchmark return and placed ahead of its median large cap value manager return of 4.5%.
  5. Pyramis' return of -2.3% outperformed the MSCI ACWI ex US Index return of -3.8%. It placed below the median among ACWI ex US growth equity managers (-1.2% median). Consumer Discretionary (Best Pacific, Continental), Energy (no holdings of Petrobras, Gazprom) and Materials (underweight BHP Billiton) investments were additive. Its three-year results led its benchmark (10.8% vs. 9.5%).
  6. The preliminary combined Direct Lending portfolio gained 3.4% and was above its target return of 9% per annum or 2.2% per quarter. Quarterly returns for Medley, Raven and White Oak were 0.0%, 8.3% and 3.1%, respectively.

- Fourth quarter results were hindered by the following factors:
  1. Dodge & Cox-Equity, 2.7%, ranked below the large cap value manager median of 4.5%. It was behind the Russell 1000 Value Index return of 5.0% during the quarter. Below par stock selection in the Healthcare (Sanofi, Roche Holdings) and Financials (Aegon, HSBC Holdings) sectors stalled results. Three year returns were in front of its benchmark (23.5% vs. 20.9%).
  2. Fund of funds manager Legato Capital gained 9.1% for the quarter and ranked in the 40<sup>th</sup> percentile among other small cap growth managers (8.5% median). The Russell 2000 Growth Index returned 10.1%. The portfolio was slowed by its stock selection in the Healthcare sector and its portfolio turnover. AMI Asset appreciated the least, 4.7%, while EAM gained the most, up 14.3% during the quarter. Over three years, Legato returned above its benchmark (21.4% vs. 20.1%).
  3. Fund of funds manager Capital Prospects was behind its benchmark, the Russell 2000 Value Index (7.4% vs. 9.4%) and ranked in the 50<sup>th</sup> percentile among small cap value managers. Negative performance attribution came primarily from its relative underweight to its Financials sector and its Info Tech and Financials stock picks. Keeley contributed the least, at 5.7%. Pacific Ridge led during the quarter, at 8.4%. For the three-year period, Capital Prospects was in front of its benchmark (21.8% vs. 18.3%).
  4. LSV (-4.5%) was below par with the MSCI ACWI ex US (-3.8%) and ranked 60<sup>th</sup> among ACWI ex US value equity managers (median of -4.1%). LSV carried relatively weak Japanese and French investments. Its value tilt was a negative factor. Over a three-year period, LSV (10.5%) surpassed its benchmark (9.5%).
  5. The Dodge & Cox Bond 1.3% return lagged its benchmark, the Barclays Aggregate Index (1.8%), and ranked in the bottom quartile among core bond managers, median return of 1.6%. The portfolio's defensive duration positioning, overweight to corporates and Agency MBS holdings hampered relative returns. D&C was up 5.2% for three years while its benchmark was up 2.7%.
  6. PIMCO returned 1.4% and the Barclays Aggregate Index added 1.8%. The median core bond manager return was 1.6%. PIMCO's TIPS and emerging markets debt exposure, plus underweight to the long-end of the US yield curve, dampened performance. Over three years, the portfolio returned above its benchmark and below its peer group median.
  7. The BlackRock US Real Estate Index Fund slightly trailed its benchmark, the DJ US Select RESI (15.0% vs. 15.1%). A preliminary 12/31/2014 market value for Greenfield Gap was unavailable.

## Asset Allocation Analysis

As of December 31, 2014



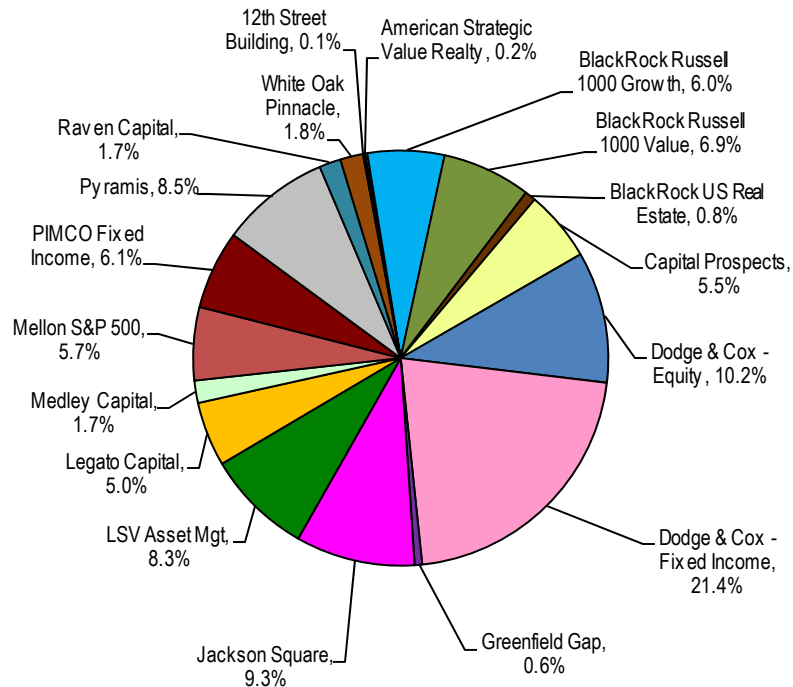
	Actual \$	Actual %
US Equity	\$873,673,340	48.7%
International Equity	\$301,879,545	16.8%
US Fixed Income	\$495,094,660	27.6%
Opportunistic	\$0	0.0%
Real Estate	\$31,813,208	1.8%
Direct Lending	\$93,267,930	5.2%
Cash	\$2,589	0.0%
Other	\$0	0.0%
<b>Total</b>	<b>\$1,795,731,273</b>	



# Stanislaus County Employees' Retirement Association

## Manager Allocation Analysis - Total Plan

As of December 31, 2014



Manager	Market Value	Current %
American Strategic Value Realty	\$ 3,549,100	0.2%
BlackRock Russell 1000 Growth	\$ 107,233,927	6.0%
BlackRock Russell 1000 Value	\$ 124,286,227	6.9%
BlackRock US Real Estate	\$ 15,233,081	0.8%
Capital Prospects	\$ 98,828,961	5.5%
Dodge & Cox - Equity	\$ 183,798,927	10.2%
Dodge & Cox - Fixed Income	\$ 385,017,417	21.4%
Greenfield Gap	\$ 10,530,895	0.6%
Jackson Square	\$ 166,891,405	9.3%
LSV Asset Mgt	\$ 148,650,468	8.3%
Legato Capital	\$ 90,358,165	5.0%
Medley Capital	\$ 31,169,080	1.7%
Mellon S&P 500	\$ 102,275,728	5.7%
PIMCO Fixed Income	\$ 110,077,243	6.1%
Pyramis	\$ 153,229,077	8.5%
Raven Capital	\$ 30,272,627	1.7%
White Oak Pinnacle	\$ 31,826,223	1.8%
12th Street Building	\$ 2,500,000	0.1%
Cash	\$ 2,589	0.0%
Invesco	\$ 133	0.0%
<b>Total</b>	<b>\$ 1,795,731,273</b>	<b>100.0%</b>

## Performance Summary

Periods Ending December 31, 2014

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
<b>Total Fund *</b>	<b>2.7</b>	<b>17</b>	<b>1.5</b>	<b>23</b>	<b>6.8</b>	<b>23</b>	<b>13.1</b>	<b>11</b>	<b>13.5</b>	<b>7</b>	<b>10.6</b>	<b>9</b>
<i>Policy Index <sup>1</sup></i>	<i>2.9</i>	<i>8</i>	<i>1.5</i>	<i>22</i>	<i>7.4</i>	<i>12</i>	<i>11.6</i>	<i>33</i>	<i>11.8</i>	<i>35</i>	<i>9.8</i>	<i>39</i>
<i>InvestorForce Public DB median</i>	<i>1.9</i>		<i>0.6</i>		<i>5.8</i>		<i>10.5</i>		<i>11.0</i>		<i>9.2</i>	
<b>US EQUITY MANAGERS</b>												
<b>LARGE CORE</b>												
Mellon S&P 500 - gross of fees	5.0	53	6.2	39	13.7	42	22.7	53	20.4	50	15.5	47
Mellon S&P 500 - net of fees	5.0		6.1		13.7		22.7		20.4		15.4	
<i>S&amp;P 500 Index</i>	<i>4.9</i>	<i>53</i>	<i>6.1</i>	<i>41</i>	<i>13.7</i>	<i>42</i>	<i>22.7</i>	<i>53</i>	<i>20.4</i>	<i>51</i>	<i>15.5</i>	<i>48</i>
<b>LARGE GROWTH</b>												
BlackRock Russell 1000 Growth - gross of fees	4.9	54	6.4	47	13.1	37	22.9	48	20.3	53		
BlackRock Russell 1000 Growth - net of fees	4.8		6.4		13.1		22.9		20.3			
Jackson Square - gross of fees	6.9	10	7.7	28	13.8	32	24.2	30	21.8	27	17.7	11
Jackson Square - net of fees	6.8		7.4		13.3		23.6		21.2		17.1	
<i>Russell 1000 Growth Index</i>	<i>4.8</i>	<i>55</i>	<i>6.3</i>	<i>48</i>	<i>13.0</i>	<i>38</i>	<i>22.8</i>	<i>48</i>	<i>20.3</i>	<i>54</i>	<i>15.8</i>	<i>41</i>
<b>LARGE VALUE</b>												
BlackRock Russell 1000 Value- gross of fees	5.0	34	4.8	39	13.5	31	22.7	49	21.0	39	15.5	41
BlackRock Russell 1000 Value - net of fees	5.0		4.8		13.5		22.7		20.9		15.5	
Dodge & Cox Equity - gross of fees	2.7	81	3.5	64	10.9	72	24.2	30	23.5	13	15.9	32
Dodge & Cox Equity - net of fees	2.6		3.4		10.7		23.9		23.3		15.7	
<i>Russell 1000 Value Index</i>	<i>5.0</i>	<i>34</i>	<i>4.8</i>	<i>40</i>	<i>13.5</i>	<i>33</i>	<i>22.6</i>	<i>49</i>	<i>20.9</i>	<i>41</i>	<i>15.4</i>	<i>43</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 December 31, 2014

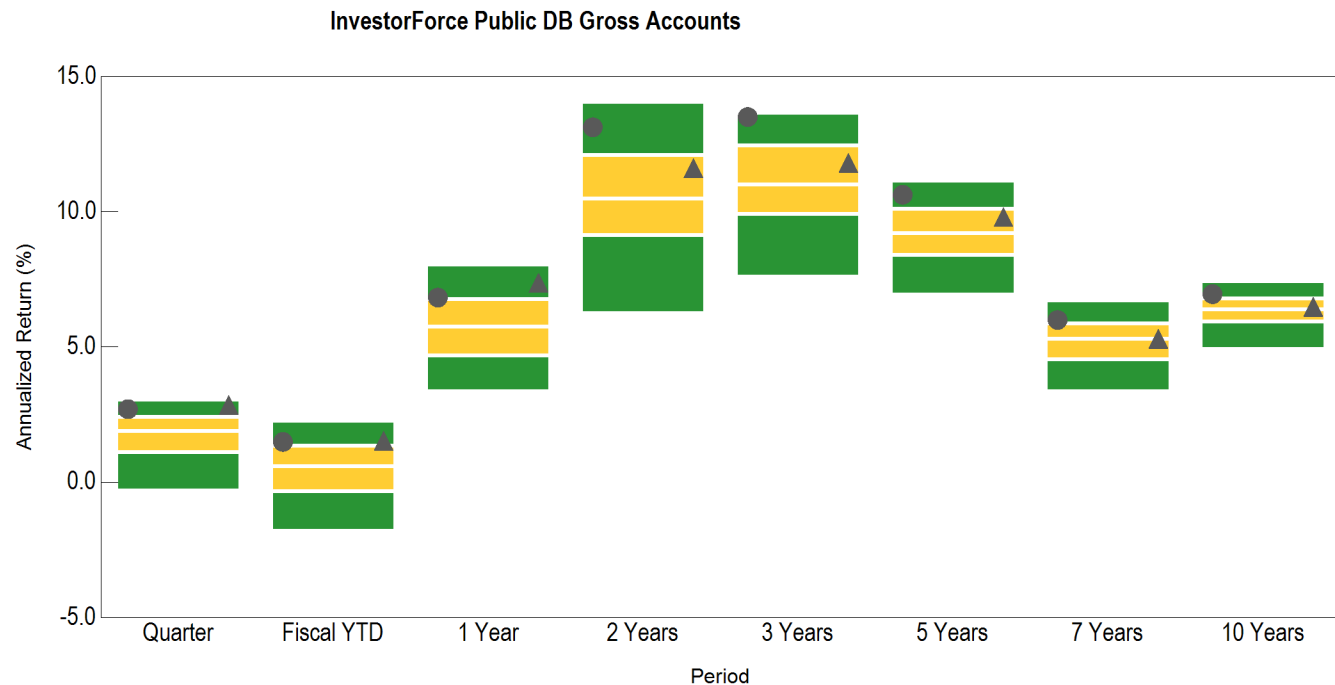
	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
SMALL GROWTH												
Legato Capital - gross of fees	9.1	40	3.8	38	3.0	57	23.1	49	21.4	37	17.3	57
Legato Capital - net of fees	8.9		3.4		2.3		22.2		20.6		16.4	
Russell 2000 Growth Index	10.1	27	3.3	44	5.6	32	23.0	52	20.1	48	16.8	65
SMALL VALUE												
Capital Prospects - gross of fees	7.4	50	1.0	42	5.8	51	20.8	51	21.8	27	17.3	31
Capital Prospects - net of fees	7.2		0.6		5.0		19.9		21.0		16.4	
Russell 2000 Value Index	9.4	22	0.0	52	4.2	68	18.4	75	18.3	67	14.3	78
US Equity Composite	5.5	47	4.9	45	10.9	54	23.2	16	21.7	9	16.3	17
80% R1000/20% R2000	5.9	29	4.8	46	11.6	39	22.4	48	20.5	37	15.9	32
Russell 3000 Index	5.2	63	5.3	29	12.6	16	22.6	40	20.5	36	15.6	48
InvestorForce All DB US Eq Gross Median	5.4		4.7		11.1		22.3		20.2		15.6	
INTERNATIONAL EQUITY MANAGERS												
LSV Asset Mgt - gross of fees	-4.5	60	-9.4	41	-4.0	39	7.6	37	10.5	50	6.0	39
LSV Asset Mgt - net of fees	-4.5		-9.5		-4.3		7.1		10.0		5.5	
Pyramis - gross of fees	-2.3	75	-6.9	59	-4.5	72	6.9	82	10.8	78	6.0	82
Pyramis - net of fees	-2.3		-7.0		-4.9		6.4		10.4		5.6	
International Equity Composite	-3.4	55	-8.1	50	-4.2	70	7.2	41	10.7	48	6.0	45
MSCI ACWI ex US Index	-3.8	68	-8.8	66	-3.4	50	5.7	66	9.5	70	4.9	69
InvestorForce All DB ex-US Eq Gross Median	-3.3		-8.1		-3.5		6.6		10.6		5.7	

## Performance Summary

Periods Ending December 31, 2014

	1 QTR		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
US FIXED INCOME MANAGER												
CORE												
Dodge & Cox Fixed - gross of fees	1.3	78	1.5	70	6.5	26	3.7	4	5.2	6	5.8	13
Dodge & Cox Fixed - net of fees	1.3		1.5		6.4		3.6		5.1		5.7	
PIMCO Fixed Income - gross of fees	1.4	73	1.3	81	5.0	83	1.4	91	2.8	79		
PIMCO Fixed Income - net of fees	1.3		1.1		4.7		1.0		2.5			
Barclays Aggregate Index	1.8	29	2.0	36	6.0	52	1.9	71	2.7	83	4.4	80
US Fixed Income Composite	1.3	50	1.5	47	6.2	40	3.2	39	4.7	45	5.6	55
Barclays Aggregate Index	1.8	32	2.0	35	6.0	46	1.9	70	2.7	84	4.4	79
InvestorForce All DB US Fix Inc Gross Median	1.3		1.3		5.7		2.5		4.4		5.8	
REAL ESTATE												
BlackRock US Real Estate - gross of fees	15.0		11.6		31.9		15.6					
BlackRock US Real Estate - net of fees	15.0		11.6		31.9		15.6					
DJ US Select RESI TR USD	15.1		11.6		31.9		15.6					
Greenfield Gap - gross of fees <sup>2</sup>	0.0											
Greenfield Gap - net of fees	0.0											
NCREIF ODCE + 1%	3.5											
12th Street Building	0.0		0.0		-9.8		-5.0		-3.4		-2.0	
DIRECT LENDING												
Medley Capital	0.0		1.9		5.7							
Raven Capital	8.3		3.7		12.9							
White Oak Pinnacle	3.1		5.1		14.8							
Direct Lending Composite	3.4		3.1		10.2							
9% Annual	2.2		4.4		9.0							

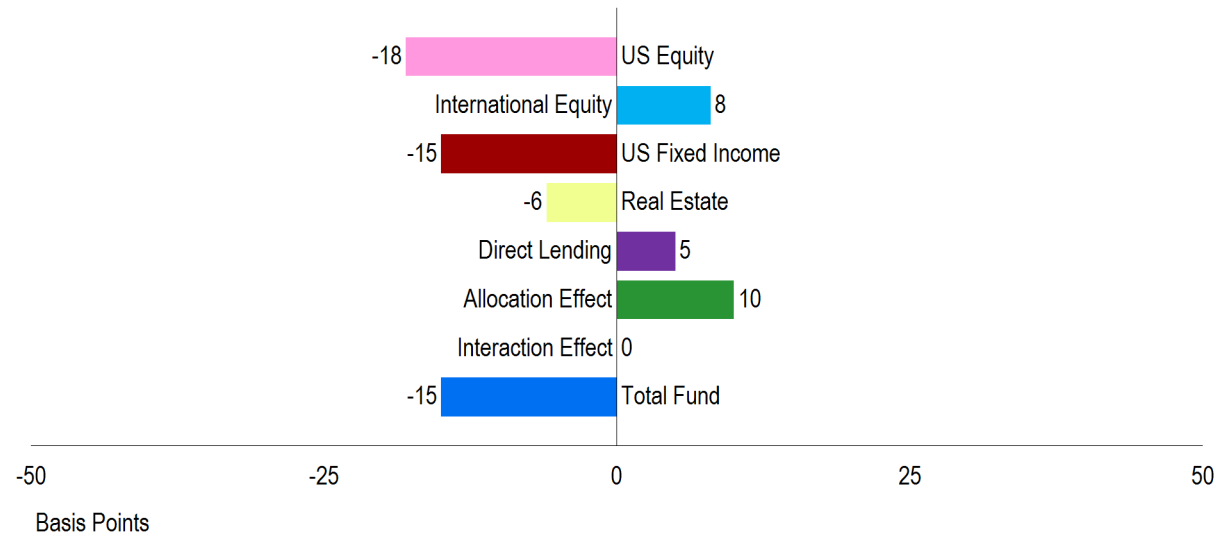
<sup>2</sup> Funded July 2014.



	Return (Rank)							
5th Percentile	3.0	2.3	8.0	14.0	13.6	11.1	6.7	7.4
25th Percentile	2.4	1.4	6.8	12.1	12.5	10.1	5.9	6.8
Median	1.9	0.6	5.8	10.5	11.0	9.2	5.3	6.4
75th Percentile	1.1	-0.3	4.7	9.2	9.9	8.4	4.6	6.0
95th Percentile	-0.3	-1.8	3.4	6.3	7.6	7.0	3.4	4.9
# of Portfolios	215	212	206	202	194	169	162	145
● Total Fund	2.7 (17)	1.5 (23)	6.8 (23)	13.1 (11)	13.5 (7)	10.6 (9)	6.0 (18)	7.0 (17)
▲ Policy Index	2.9 (8)	1.5 (22)	7.4 (12)	11.6 (33)	11.8 (35)	9.8 (39)	5.3 (51)	6.5 (41)

## Performance Attribution - Total Plan

Quarter Ending December 31, 2014



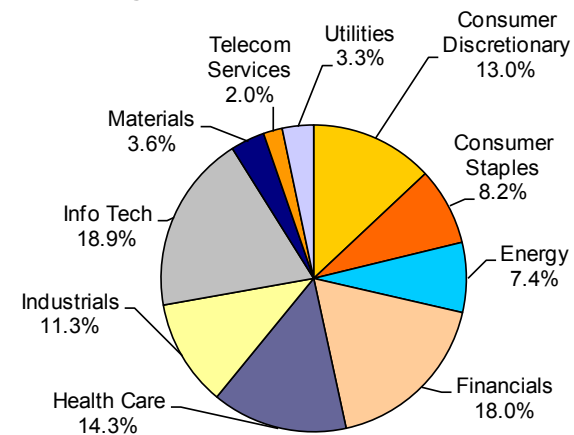
Attribution Summary							
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Interaction Effects	Total Effects
US Equity	5.48%	5.86%	-0.38%	-0.18%	0.06%	0.00%	-0.12%
International Equity	-3.40%	-3.81%	0.42%	0.08%	0.03%	0.00%	0.11%
US Fixed Income	1.30%	1.79%	-0.49%	-0.15%	0.01%	0.01%	-0.12%
Real Estate	11.01%	15.05%	-4.04%	-0.06%	-0.01%	0.00%	-0.06%
Direct Lending	3.37%	2.18%	1.19%	0.05%	0.00%	0.00%	0.05%
<b>Total</b>	<b>2.70%</b>	<b>2.86%</b>	<b>-0.15%</b>	<b>-0.26%</b>	<b>0.10%</b>	<b>0.00%</b>	<b>-0.15%</b>

## U.S. MARKETS

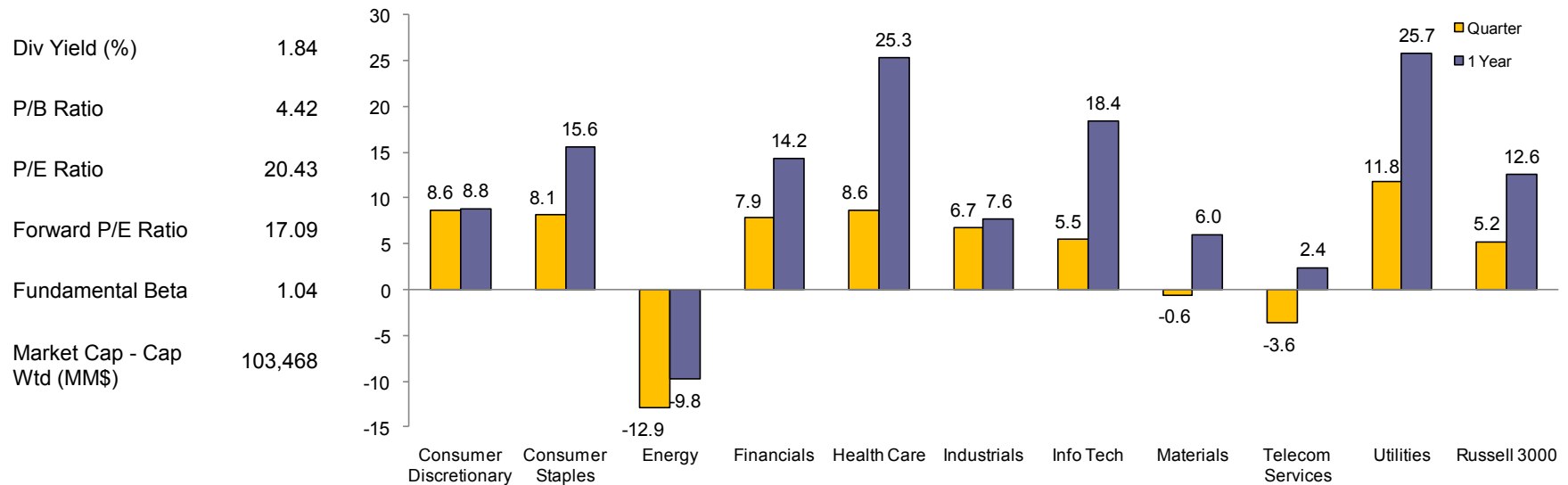
### U.S. Equity – Russell 3000

- Utilities and the consumer sectors outperformed in the U.S., with the utilities sector returning 11.8% in the fourth quarter and consumer discretionary returning 8.6%.
- The energy sector fell 12.9% in the fourth quarter.
- Overall, the Russell 3000 index rose 5.2% in the fourth quarter; the yearly return was 12.6%.

Ending Sector Weights



#### Characteristics

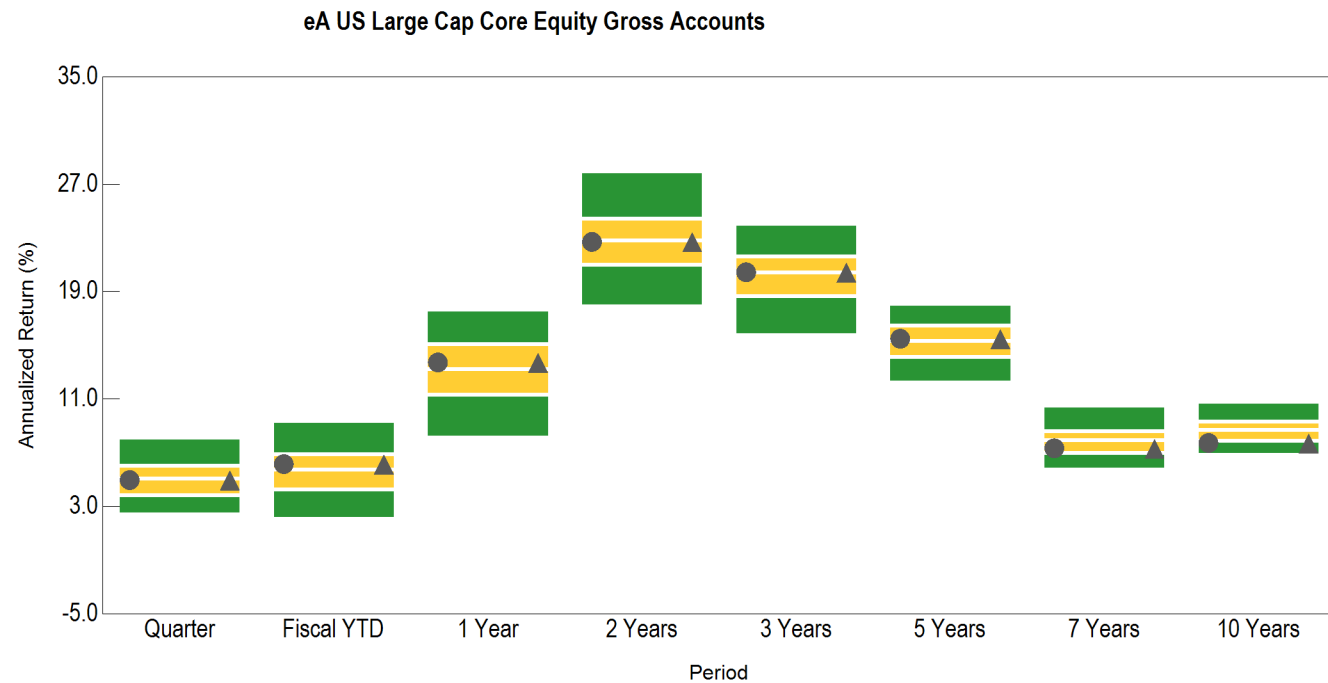


#### Contribution to Return:

Qtr	1.1	0.7	-1.1	1.4	1.2	0.8	1.0	0.0	-0.1	0.4	5.2
1 Year	1.2	1.3	-0.9	2.5	3.2	0.9	3.3	0.2	0.1	0.8	12.6

## Total Returns - Large Cap Core Equity

Periods Ending December 31, 2014



## Return (Rank)

5th Percentile	8.1	9.3	17.7	27.9	24.0	18.1	10.5	10.8
25th Percentile	6.1	6.9	15.1	24.5	21.6	16.5	8.7	9.3
Median	5.1	5.8	13.3	22.9	20.4	15.4	8.0	8.7
75th Percentile	3.9	4.3	11.4	21.0	18.7	14.1	7.0	7.9
95th Percentile	2.4	2.1	8.2	17.9	15.8	12.3	5.8	6.9
# of Portfolios	268	268	267	265	259	247	231	200
● Mellon S&P 500	5.0 (53)	6.2 (39)	13.7 (42)	22.7 (53)	20.4 (50)	15.5 (47)	7.3 (69)	7.7 (82)
▲ S&P 500	4.9 (53)	6.1 (41)	13.7 (42)	22.7 (53)	20.4 (51)	15.5 (48)	7.3 (70)	7.7 (83)



## Equity Only Summary Statistics - Mellon S&amp;P 500

Quarter Ending December 31, 2014

## Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	682	682
Weighted Avg. Market Cap. (\$B)	114.1	114.1
Median Market Cap. (\$B)	8.7	8.6
Price To Earnings	25.8	23.7
Price To Book	6.7	6.3
Price To Sales	4.2	3.7
Return on Equity (%)	27.4	25.4
Yield (%)	1.5	1.5
Beta (holdings; domestic)	1.0	1.0

## Top Holdings

APPLE	3.5%
EXXON MOBIL	2.1%
MICROSOFT	2.1%
JOHNSON & JOHNSON	1.6%
BERKSHIRE HATHAWAY 'B'	1.5%
WELLS FARGO & CO	1.4%
GENERAL ELECTRIC	1.4%
PROCTER & GAMBLE	1.3%
JP MORGAN CHASE & CO.	1.3%
CHEVRON	1.2%

## Best Performers

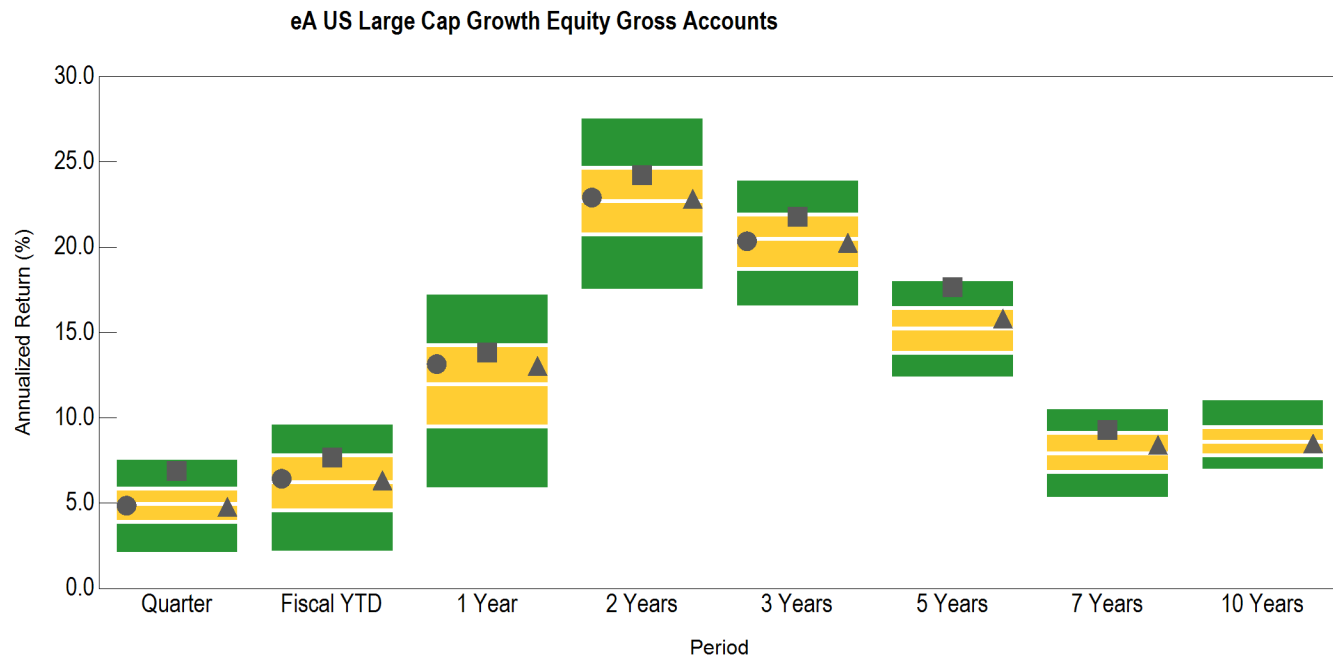
	Return %
STAPLES (SPLS)	50.8%
CARMAX (KMX)	43.3%
DELTA AIR LINES (DAL)	36.4%
WHIRLPOOL (WHR)	33.6%
WHOLE FOODS MARKET (WFM)	32.3%
ELECTRONIC ARTS (EA)	32.0%
MACERICH (MAC)	31.9%
CAREFUSION (CFN)	31.1%
LOWE'S COMPANIES (LOW)	30.6%
L BRANDS (LB)	29.8%

## Worst Performers

	Return %
DENBURY RES. (DNR)	-45.6%
NABORS INDUSTRIES (NBR)	-42.7%
TRANSOCEAN (RIG)	-41.1%
HALLIBURTON (HAL)	-38.8%
GENWORTH FINANCIAL CL.A (GNW)	-35.1%
QEP RESOURCES (QEP)	-34.3%
APACHE (APA)	-33.0%
FIRST SOLAR (FSLR)	-32.2%
HELMERICH & PAYNE (HP)	-30.6%
NOBLE ENERGY (NBL)	-30.4%

## Total Returns - Large Cap Growth Equity

Periods Ending December 31, 2014



	Return (Rank)											
5th Percentile	7.6		9.7		17.3		27.6		24.0		18.1	
25th Percentile	5.9		7.8		14.3		24.7		21.9		16.5	
Median	5.0		6.2		12.0		22.7		20.5		15.3	
75th Percentile	3.9		4.6		9.5		20.8		18.7		13.8	
95th Percentile	2.0		2.1		5.8		17.5		16.5		12.3	
# of Portfolios	292		292		291		285		278		267	
● BlackRock Russell 1000 Growth	4.9 (54)	6.4 (47)	13.1 (37)	22.9 (48)	20.3 (53)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
■ Jackson Square	6.9 (10)	7.7 (28)	13.8 (32)	24.2 (30)	21.8 (27)	17.7 (11)	9.3 (23)	-- (--)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Russell 1000 Growth	4.8 (55)	6.3 (48)	13.0 (38)	22.8 (48)	20.3 (54)	15.8 (41)	8.4 (42)	8.5 (55)				

## Equity Only Summary Statistics - BlackRock Russell 1000 Growth

Quarter Ending December 31, 2014

## Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	682	682
Weighted Avg. Market Cap. (\$B)	114.1	114.1
Median Market Cap. (\$B)	8.7	8.6
Price To Earnings	25.8	23.7
Price To Book	6.7	6.3
Price To Sales	4.2	3.7
Return on Equity (%)	27.4	25.4
Yield (%)	1.5	1.5
Beta (holdings; domestic)	1.0	1.0

## Top Holdings

APPLE	6.2%
MICROSOFT	2.3%
VERIZON COMMUNICATIONS	1.8%
COCA COLA	1.6%
FACEBOOK CLASS A	1.4%
INTERNATIONAL BUS.MCHS.	1.4%
GOOGLE 'C'	1.4%
GOOGLE 'A'	1.4%
ORACLE	1.4%
GILEAD SCIENCES	1.4%

## Best Performers

	Return %
CLEAR CHL.OUTDR.HDG.'A' (CCO)	57.1%
RITE AID (RAD)	55.4%
CUBIST PHARMACEUTICALS (CBST)	51.7%
AMERICAN AIRLINES GROUP (AAL)	51.5%
INCYTE (INCY)	49.1%
RACKSPACE HOSTING (RAX)	43.8%
CARMAX (KMX)	43.3%
UNITED CONTINENTAL HDG. (UAL)	43.0%
ALASKA AIR GROUP (ALK)	37.6%
SEARS HOLDINGS (SHLD)	36.6%

## Worst Performers

	Return %
SEVENTY SEVEN ENERGY (SSE)	-77.2%
OASIS PETROLEUM (OAS)	-60.4%
WHITING PETROLEUM (WLL)	-57.4%
SEADRILL (NYS) (SDRL)	-55.4%
LAREDO PETROLEUM (LPI)	-53.8%
SM ENERGY (SM)	-50.5%
PATTERSON UTI ENERGY (PTEN)	-48.7%
ULTRA PETROLEUM (UPL)	-43.4%
NABORS INDUSTRIES (NBR)	-42.7%
OCWEN FINANCIAL (OCN)	-42.3%

# Stanislaus County Employees' Retirement Association

## Equity Only Summary Statistics - Jackson Square

Quarter Ending December 31, 2014

### Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	31	682
Weighted Avg. Market Cap. (\$B)	77.9	114.1
Median Market Cap. (\$B)	55.1	8.6
Price To Earnings	34.8	23.7
Price To Book	6.6	6.3
Price To Sales	6.1	3.7
Return on Equity (%)	19.9	25.4
Yield (%)	1.1	1.5
Beta (holdings; domestic)	1.0	1.0

### Top Holdings

ALLERGAN	5.9%
CELGENE	5.7%
VISA 'A'	5.6%
WALGREENS BOOTS ALLIANCE	5.3%
QUALCOMM	5.0%
MASTERCARD	4.9%
EBAY	4.8%
MICROSOFT	4.7%
CROWN CASTLE INTL.	4.5%
LIBERTY INTACT.'A'	4.2%

### Best Performers

	Return %
ELECTRONIC ARTS (EA)	32.0%
L BRANDS (LB)	29.8%
WALGREENS BOOTS ALLIANCE (WBA)	29.2%
VISA 'A' (V)	23.1%
LIBERTY INTACT.'A' (QVCA)	21.9%
ALLERGAN (AGN)	19.3%
CELGENE (CELG)	18.0%
MASTERCARD (MA)	16.7%
INTERCONTINENTAL EX. (ICE)	12.8%
SALLY BEAUTY HOLDINGS (SBH)	12.3%

### Worst Performers

	Return %
YELP CLASS A (YELP)	-19.8%
WILLIAMS (WMB)	-17.8%
NOVO NORDISK 'B' ADR 1:1 (NVO)	-11.1%
GOOGLE 'A' (GOOGL)	-9.8%
DISCOVERY COMMS.'C' (DISCK)	-9.5%
DISCOVERY COMMS.'A' (DISCA)	-8.9%
GOOGLE 'C' (GOOG)	-8.8%
EOG RES. (EOG)	-6.8%
PRICELINE GROUP (PCLN)	-1.6%
CROWN CASTLE INTL. (CCI)	-1.2%

## Equity Sector Attribution - Jackson Square

Quarter Ending December 31, 2014

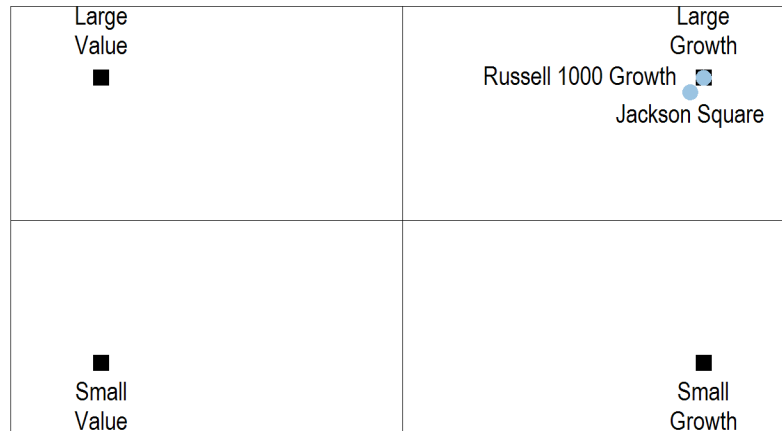
## Jackson Square Performance Attribution vs. Russell 1000 Growth

	Attribution Effects				Returns		Sector Weights				
	Total Effects	Selection Effect	Allocation Effect	Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark			
Energy	0.2%	0.7%	-1.1%	0.6%	-6.8%	-18.5%	9.3%	5.7%			
Materials	0.1%	0.0%	0.1%	0.0%	-2.2%	0.7%	1.2%	4.2%			
Industrials	-0.4%	--	-0.4%	--	--	8.4%	0.0%	11.9%			
Cons. Disc.	0.5%	0.4%	0.0%	0.0%	9.6%	7.3%	18.9%	18.2%			
Cons. Staples	0.8%	2.2%	-0.1%	-1.2%	29.2%	7.1%	4.3%	10.3%			
Health Care	0.8%	0.5%	0.1%	0.1%	12.6%	8.8%	16.5%	13.6%			
Financials	-0.2%	-0.2%	0.1%	-0.1%	3.9%	7.9%	7.2%	5.1%			
Info. Tech	0.2%	0.2%	-0.1%	0.1%	5.0%	4.3%	42.6%	28.4%			
Telecomm.	0.2%	--	0.2%	--	--	-4.9%	0.0%	2.4%			
Utilities	0.0%	--	0.0%	--	--	11.8%	0.0%	0.1%			
Cash	0.0%	--	--	--	--	--	0.0%	0.0%			
Portfolio	2.1%	=	3.8%	+	-1.1%	+	-0.5%	6.9%	4.8%	100.0%	100.0%

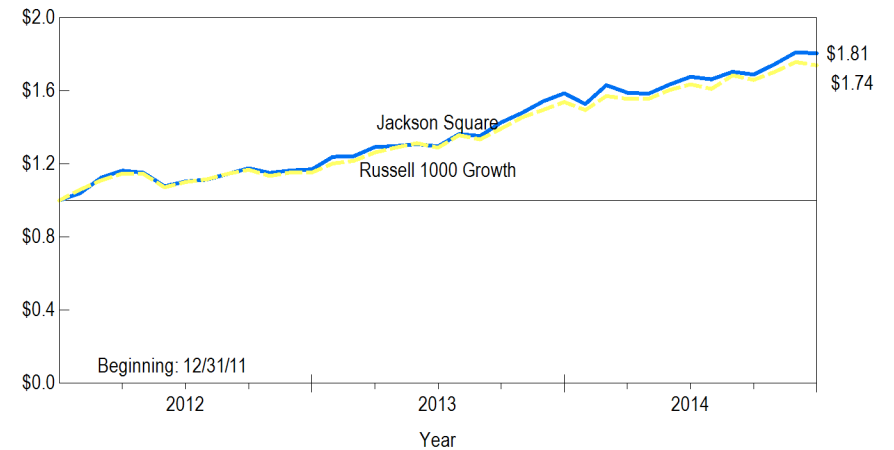
## Return Based Style Analysis - Jackson Square

3 Years Ending December 31, 2014

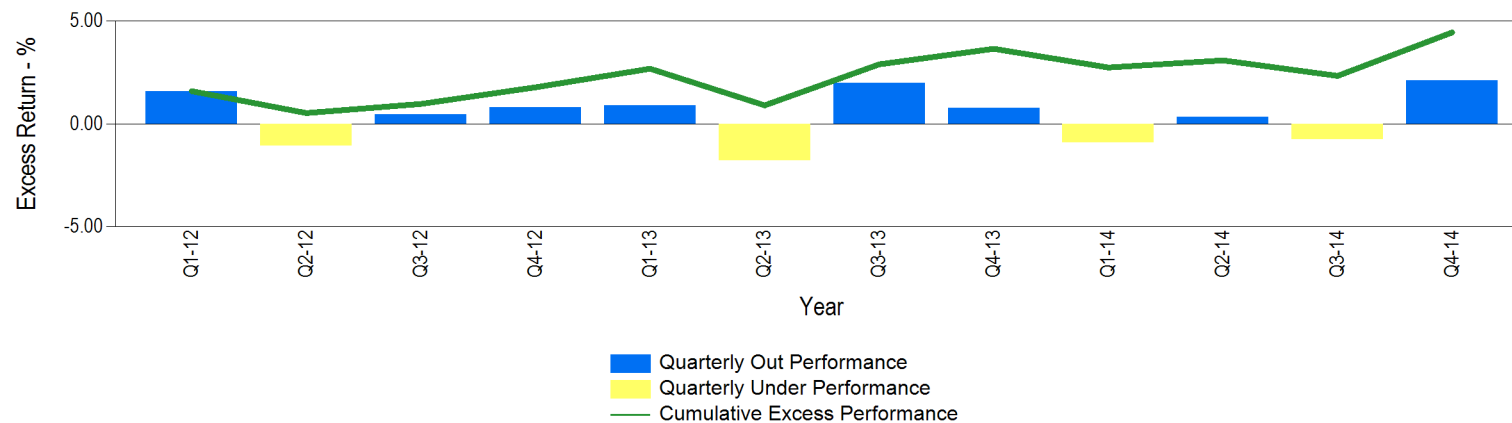
US Effective Style Map



Growth of a Dollar

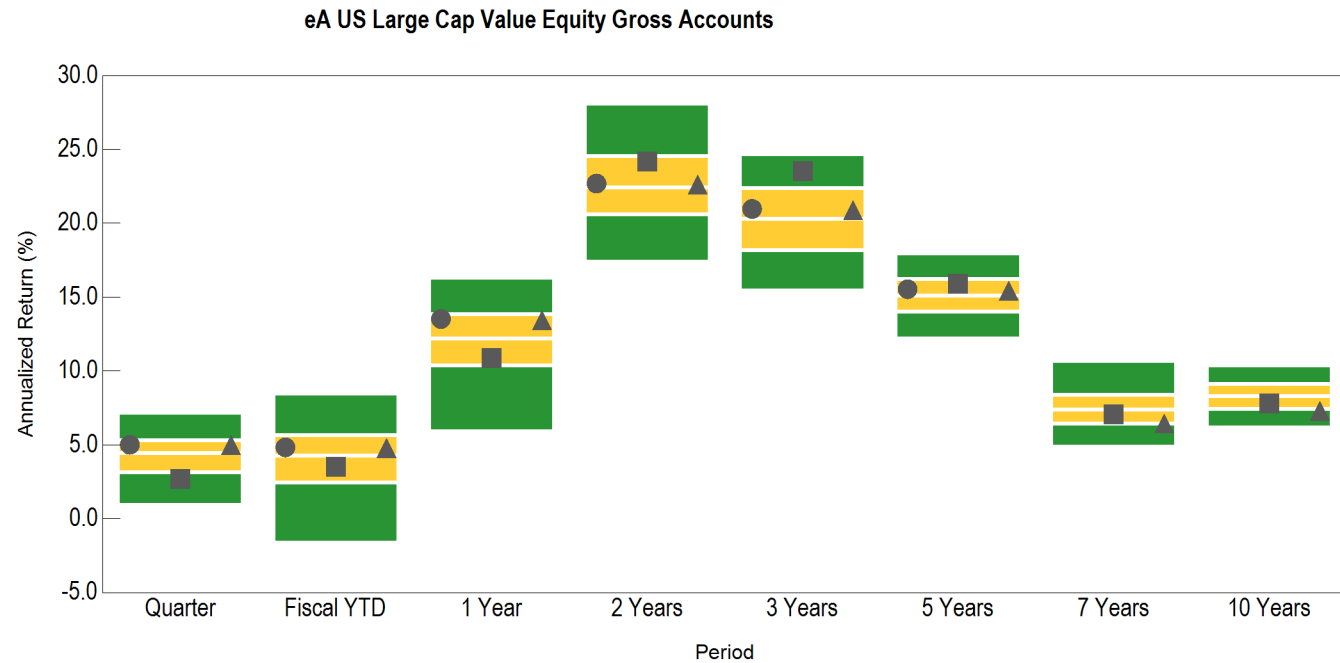


Quarterly and Cumulative Excess Performance



## Total Returns - Large Cap Value Equity

Periods Ending December 31, 2014



	Return (Rank)							
5th Percentile	7.2	8.5	16.3	28.1	24.6	18.0	10.7	10.4
25th Percentile	5.3	5.7	13.9	24.5	22.4	16.3	8.4	9.1
Median	4.5	4.3	12.2	22.4	20.3	15.1	7.4	8.3
75th Percentile	3.2	2.5	10.4	20.6	18.2	14.0	6.5	7.5
95th Percentile	0.9	-1.6	5.9	17.4	15.5	12.2	4.9	6.2
# of Portfolios	307	307	307	307	303	292	275	236
● BlackRock Russell 1000 Value	5.0 (34)	4.8 (39)	13.5 (31)	22.7 (49)	21.0 (39)	15.5 (41)	-- (--)	-- (--)
■ Dodge & Cox-Equity	2.7 (81)	3.5 (64)	10.9 (72)	24.2 (30)	23.5 (13)	15.9 (32)	7.1 (60)	7.8 (68)
▲ Russell 1000 Value	5.0 (34)	4.8 (40)	13.5 (33)	22.6 (49)	20.9 (41)	15.4 (43)	6.4 (76)	7.3 (78)

## Equity Only Summary Statistics - BlackRock Russell 1000 Value

Quarter Ending December 31, 2014

## Characteristics

	Portfolio	Russell 1000 Value
Number of Holdings	703	704
Weighted Avg. Market Cap. (\$B)	107.6	107.5
Median Market Cap. (\$B)	7.3	7.3
Price To Earnings	20.5	19.8
Price To Book	2.4	2.4
Price To Sales	2.3	2.3
Return on Equity (%)	13.4	13.0
Yield (%)	2.3	2.3
Beta (holdings; domestic)	1.0	1.0

## Top Holdings

MICROSOFT	1.9%
BNP DAX TRS 13P	1.3%
WELLS FARGO & CO	1.1%
EBAY	1.0%
VISA 'A'	1.0%
CELGENE	0.9%
ALLERGAN	0.9%
APPLE	0.9%
QUALCOMM	0.9%
WALGREENS BOOTS ALLIANCE	0.9%

## Best Performers

	Return %
CLEAR CHL.OUTDR.HDG.'A' (CCO)	57.1%
RITE AID (RAD)	55.4%
CUBIST PHARMACEUTICALS (CBST)	51.7%
STAPLES (SPLS)	50.8%
CARMAX (KMX)	43.3%
VECTRUS (VEC)	40.3%
ALASKA AIR GROUP (ALK)	37.6%
SEARS HOLDINGS (SHLD)	36.6%
ALKERMES (ALKS)	36.6%
DELTA AIR LINES (DAL)	36.4%

## Worst Performers

	Return %
SEVENTY SEVEN ENERGY (SSE)	-77.2%
SANDRIDGE ENERGY (SD)	-57.6%
WHITING PETROLEUM (WLL)	-57.4%
SEADRILL (NYS) (SDRL)	-55.4%
LAREDO PETROLEUM (LPI)	-53.8%
WPX ENERGY (WPX)	-51.7%
PATTERSON UTI ENERGY (PTEN)	-48.7%
DENBURY RES. (DNR)	-45.6%
GOLAR LNG (NAS)	-44.5%
ULTRA PETROLEUM (UPL)	-43.4%



Stanislaus County Employees' Retirement Association

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

Quarter Ending December 31, 2014

Characteristics	Portfolio	Russell 1000 Value
Number of Holdings	68	704
Weighted Avg. Market Cap. (\$B)	106.9	107.5
Median Market Cap. (\$B)	41.0	7.3
Price To Earnings	20.7	19.8
Price To Book	2.8	2.4
Price To Sales	2.3	2.3
Return on Equity (%)	14.6	13.0
Yield (%)	1.9	2.3
Beta (holdings; domestic)	1.2	1.0

**Top Holdings**

HEWLETT-PACKARD	4.3%
WELLS FARGO & CO	4.2%
MICROSOFT	4.1%
CAPITAL ONE FINL.	4.1%
NOVARTIS 'B' SPN.ADR 1:1	3.4%
TIME WARNER	3.4%
TIME WARNER CABLE	2.9%
CHARLES SCHWAB	2.9%
FEDEX	2.9%
BANK OF AMERICA	2.8%

**Best Performers**

	Return %
CARMAX (KMX)	43.3%
TARGET (TGT)	22.0%
LIBERTY INTACT.'A' (QVCA)	21.9%
EXPRESS SCRIPTS HOLDING (ESRX)	19.9%
CORNING (GLW)	19.1%
UNITEDHEALTH GROUP (UNH)	17.6%
MEDTRONIC (MDT)	17.6%
TE CONNECTIVITY (TEL)	14.9%
TIME WARNER (TWX)	14.0%
HEWLETT-PACKARD (HPQ)	13.6%

**Worst Performers**

	Return %
WEATHERFORD INTL. (WFT)	-45.0%
SPRINT (S)	-34.5%
APACHE (APA)	-33.0%
SANOFI ADR 2:1 (SNY)	-19.2%
SCHLUMBERGER (SLB)	-15.6%
NOW (DNO)	-15.4%
BAKER HUGHES (BHI)	-13.5%
NATIONAL OILWELL VARCO (NOV)	-13.3%
DOW CHEMICAL (DOW)	-12.2%
GOOGLE 'A' (GOOGL)	-9.8%

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

Quarter Ending December 31, 2014

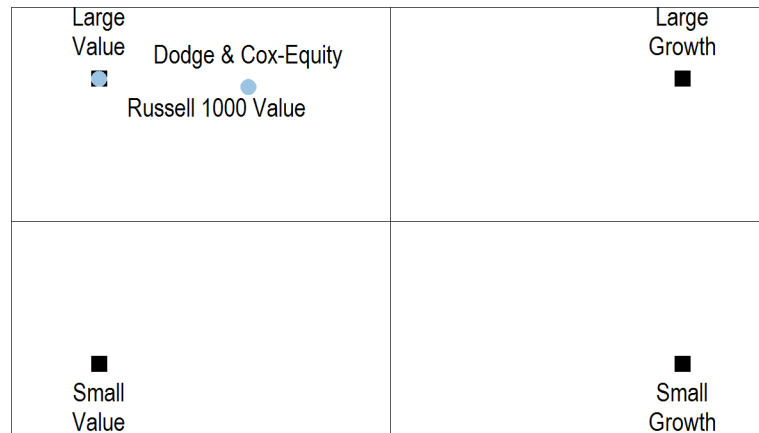
## Dodge &amp; Cox-Equity Performance Attribution vs. Russell 1000 Value

	Attribution Effects						Returns		Sector Weights		
	Total Effects		Selection Effect	Allocation Effect		Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark	
Energy	-0.4%		-1.4%		0.5%		0.4%	-19.2%	-9.3%	8.8%	12.9%
Materials	0.2%		0.2%		0.2%		-0.1%	1.5%	-3.6%	1.8%	3.3%
Industrials	-0.2%		-0.2%		0.0%		0.1%	2.5%	4.7%	7.0%	10.2%
Cons. Disc.	0.7%		0.1%		0.6%		0.1%	12.4%	11.5%	15.0%	6.2%
Cons. Staples	-0.2%		0.1%		-0.2%		-0.1%	10.7%	10.1%	3.0%	7.1%
Health Care	-0.9%		-0.8%		0.1%		-0.2%	0.9%	6.9%	16.6%	13.5%
Financials	-0.9%		-1.0%		-0.1%		0.2%	4.0%	7.3%	23.2%	29.2%
Info. Tech	-0.2%		-0.2%		0.3%		-0.3%	4.9%	6.9%	23.6%	9.4%
Telecomm.	0.0%		-0.8%		0.2%		0.7%	-34.5%	-3.7%	0.4%	2.3%
Utilities	-0.5%		--		-0.5%		--	--	12.7%	0.0%	6.0%
Cash	0.0%		0.0%		0.0%		0.0%	0.0%	--	0.5%	0.0%
Portfolio	-2.3%	=	-4.1%	+	1.0%	+	0.8%	2.7%	5.0%	100.0%	100.0%

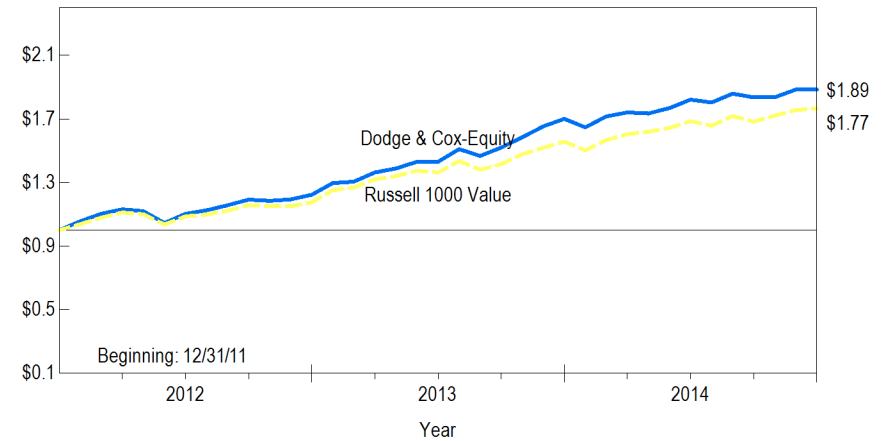
# Return Based Style Analysis - Dodge & Cox Equity

3 Years Ending December 31, 2014

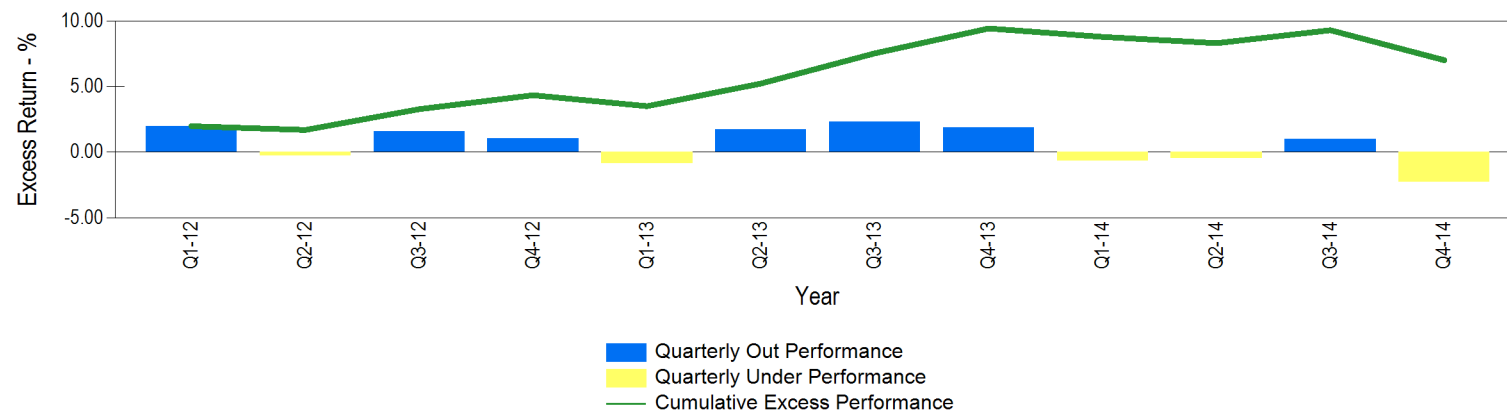
US Effective Style Map



Growth of a Dollar

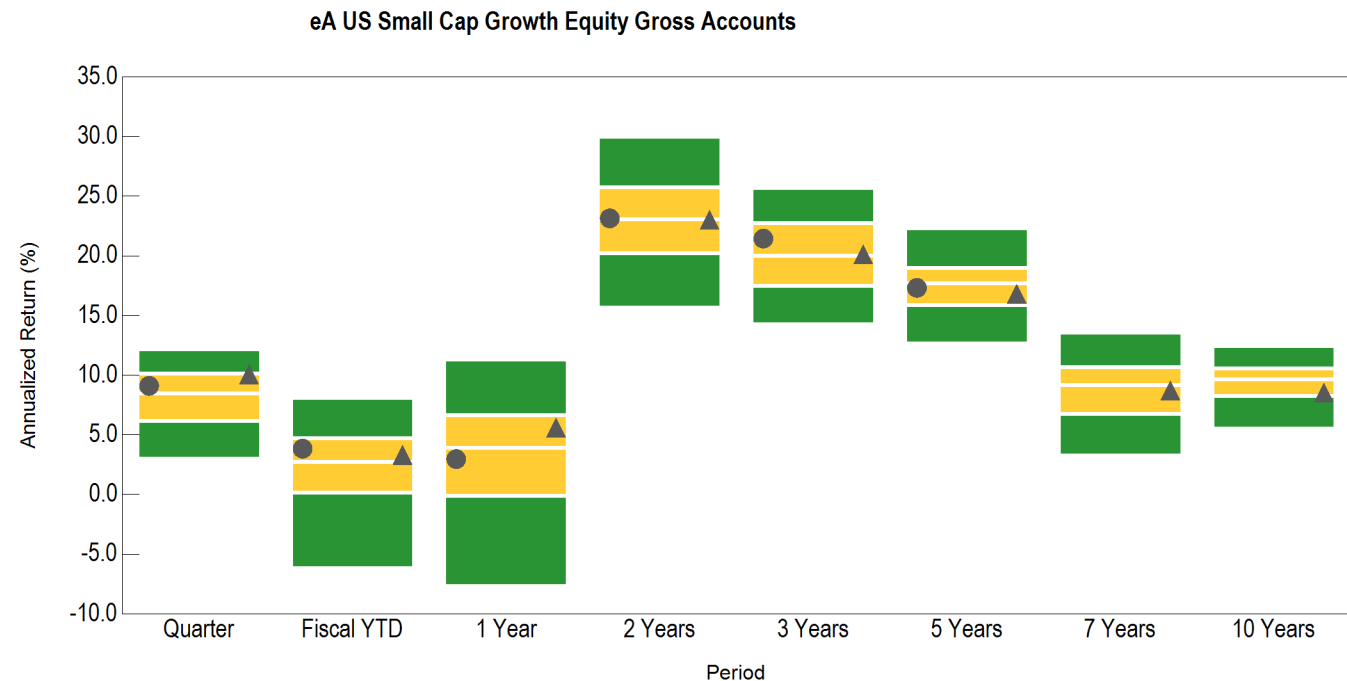


Quarterly and Cumulative Excess Performance



## Total Returns - Small Cap Growth Equity

Periods Ending December 31, 2014



	Return (Rank)							
5th Percentile	12.1	8.1	11.3	30.0	25.7	22.3	13.5	12.4
25th Percentile	10.1	4.7	6.7	25.8	22.8	19.0	10.7	10.6
Median	8.5	2.8	3.9	23.1	20.0	17.7	9.2	9.7
75th Percentile	6.2	0.2	-0.1	20.2	17.5	15.9	6.8	8.3
95th Percentile	3.0	-6.1	-7.6	15.7	14.3	12.7	3.3	5.5
# of Portfolios	161	161	161	157	153	147	136	116
● Legato Capital	9.1 (40)	3.8 (38)	3.0 (57)	23.1 (49)	21.4 (37)	17.3 (57)	-- (--)	-- (--)
▲ Russell 2000 Growth	10.1 (27)	3.3 (44)	5.6 (32)	23.0 (52)	20.1 (48)	16.8 (65)	8.7 (55)	8.5 (73)

Quarter Ending December 31, 2014

## Characteristics

	Portfolio	Russell 2000 Growth
Number of Holdings	1,316	1,205
Weighted Avg. Market Cap. (\$B)	2.0	2.1
Median Market Cap. (\$B)	0.9	0.8
Price To Earnings	32.2	29.1
Price To Book	5.2	5.3
Price To Sales	3.7	3.4
Return on Equity (%)	13.9	15.5
Yield (%)	0.4	0.4
Beta (holdings; domestic)	1.3	1.3

## Top Holdings

CONSTANT CONTACT	2.0%
SYNCHRONOSS TECHNOLOGIES	1.9%
LIFELOCK	1.7%
AMSURG	1.7%
CARDTRONICS	1.4%
ECHO GLOBAL LOGISTICS	1.4%
AKORN	1.1%
FLEETMATICS GROUP	1.1%
SHUTTERFLY	1.1%
ACTUA	1.0%

## Best Performers

	Return %
OVASCIENCE (OVAS)	166.4%
BLUEBIRD BIO (BLUE)	155.6%
REGULUS THERAPEUTICS (RGLS)	134.8%
FIVE PRIME THERAPEUTICS (FPRX)	130.2%
ALDER BIOPHARMACEUTICALS (ALDR)	129.4%
ITT EDUCATIONAL SVS. (ESI)	124.0%
PLANAR SYSTEMS (PLNR)	120.8%
SUCAMPO PHARMACEUTICALS CLASS A (SCMP)	119.7%
CEMPRA (CEMP)	114.5%
AUSPEX PHARMACEUTICALS (ASPX)	104.4%

## Worst Performers

	Return %
GT ADVANCED TECHS. (GTATQ)	-96.9%
DENDREON (DNDNQ)	-94.9%
BPZ RESOURCES (BPZ)	-84.9%
EDUCATION MANAGEMENT (EDMC)	-84.9%
SABINE OIL & GAS (SOGC)	-80.8%
NORTH ATLANTIC DRILLING (NADL)	-75.5%
MILLER ENERGY RESOURCES (MILL)	-71.6%
GOODRICH PTL. (GDP)	-70.0%
BASIC ENERGY SVS. (BAS)	-67.7%
QUICKSILVER RES. (KWKA)	-67.1%

## Equity Sector Attribution - Legato Capital

Quarter Ending December 31, 2014

## Legato Capital Performance Attribution vs. Russell 2000 Growth

	Attribution Effects							Returns		Sector Weights					
	Total		Selection		Allocation		Interaction		Portfolio	Benchmark	Portfolio	Benchmark			
	Effects		Effect		Effect		Effects								
Energy	0.2%		0.0%		0.2%		0.0%		-31.8%		-32.7%		4.6%		4.7%
Materials	0.3%		-0.1%		0.3%		0.1%		-1.4%		0.3%		2.9%		5.4%
Industrials	0.2%		0.2%		0.0%		0.0%		10.3%		9.1%		16.3%		14.7%
Cons. Disc.	-0.2%		-0.2%		0.0%		0.0%		12.5%		13.7%		16.5%		15.2%
Cons. Staples	0.2%		0.1%		0.0%		0.0%		13.9%		10.7%		3.9%		3.9%
Health Care	-1.3%		-1.3%		0.1%		-0.1%		11.6%		17.5%		22.3%		21.7%
Financials	0.1%		0.3%		0.0%		-0.1%		14.0%		10.5%		4.1%		7.6%
Info. Tech	-0.1%		-0.1%		0.0%		0.0%		11.1%		11.8%		28.6%		25.9%
Telecomm.	0.0%		0.0%		0.0%		0.0%		7.0%		12.9%		0.7%		0.8%
Utilities	0.0%		0.0%		0.0%		0.0%		-1.3%		-7.5%		0.0%		0.2%
Cash	0.0%		--		--		--		--		--		0.0%		0.0%
Portfolio	-0.5%	=	-1.1%	+	0.7%	+	-0.1%		9.5%		10.0%		100.0%		100.0%

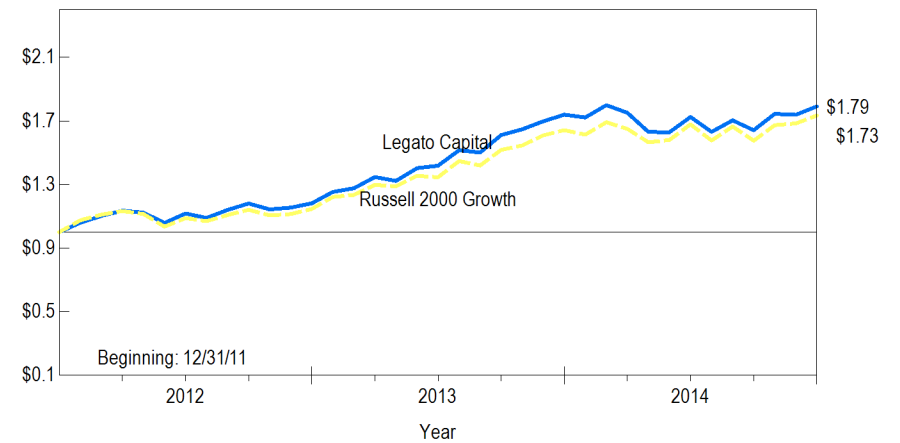
## Return Based Style Analysis - Legato Capital

3 Years Ending December 31, 2014

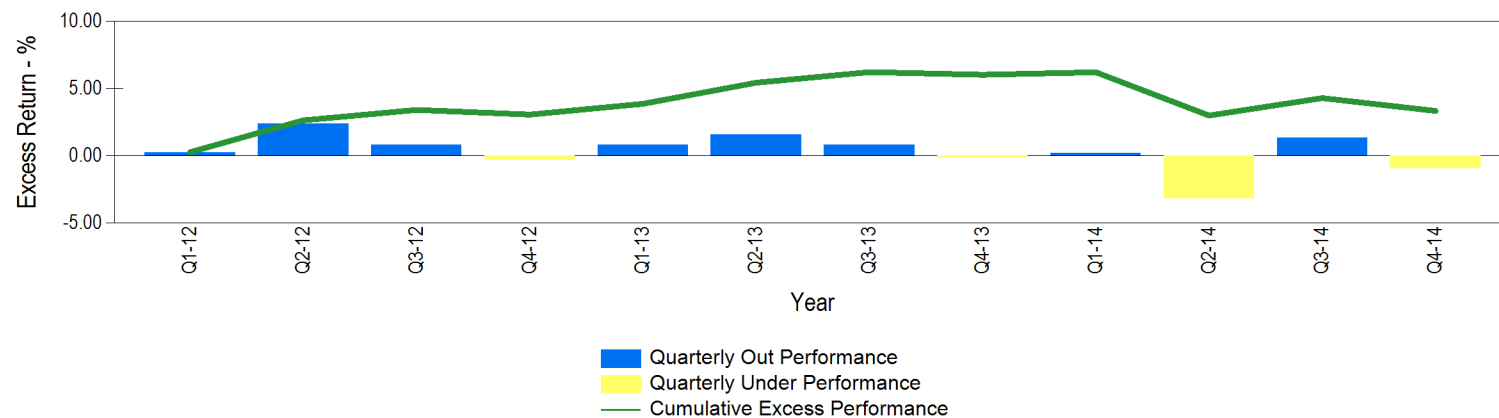
U.S. Effective Style Map



Growth of a Dollar

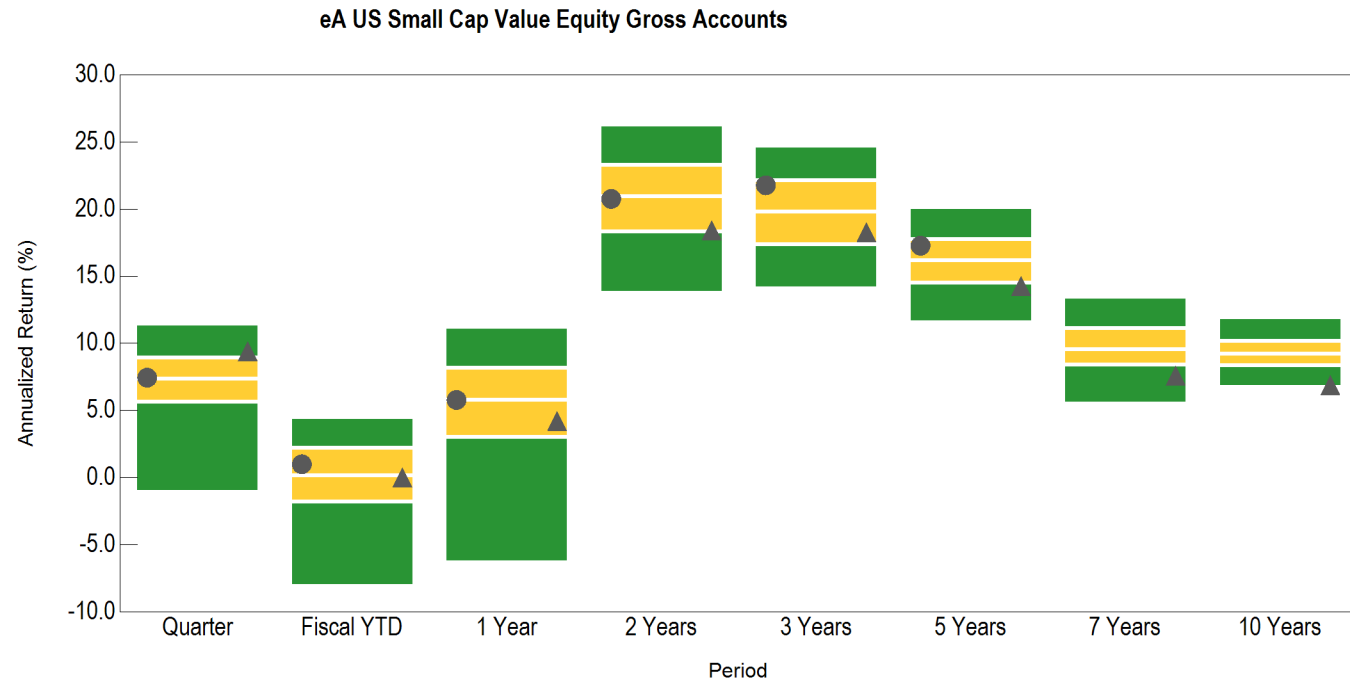


Quarterly and Cumulative Excess Performance



## Total Returns - Small Cap Value Equity

Periods Ending December 31, 2014



	Return (Rank)							
5th Percentile	11.4	4.5	11.2	26.3	24.7	20.1	13.5	11.9
25th Percentile	9.0	2.3	8.2	23.3	22.2	17.8	11.2	10.2
Median	7.4	0.2	5.8	21.0	19.8	16.2	9.6	9.2
75th Percentile	5.7	-1.8	3.1	18.4	17.4	14.6	8.4	8.4
95th Percentile	-1.1	-8.0	-6.3	13.8	14.1	11.6	5.6	6.8
# of Portfolios	206	206	206	204	200	192	180	152
● Capital Prospects	7.4 (50)	1.0 (42)	5.8 (51)	20.8 (51)	21.8 (27)	17.3 (31)	-- (--)	-- (--)
▲ Russell 2000 Value	9.4 (22)	0.0 (52)	4.2 (68)	18.4 (75)	18.3 (67)	14.3 (78)	7.6 (85)	6.9 (94)



Stanislaus County Employees' Retirement Association

**Equity Only Summary Statistics - Capital Prospects**

Quarter Ending December 31, 2014

**Characteristics**

	Portfolio	Russell 2000 Value
Number of Holdings	319	1,377
Weighted Avg. Market Cap. (\$B)	2.2	1.7
Median Market Cap. (\$B)	1.4	0.6
Price To Earnings	22.5	21.7
Price To Book	2.5	1.8
Price To Sales	2.1	2.4
Return on Equity (%)	11.3	7.6
Yield (%)	1.8	1.7
Beta (holdings; domestic)	1.3	1.3

**Top Holdings**

HILLENBRAND	1.5%
REGAL BELOIT	1.3%
LITTELFUSE	1.2%
MB FINANCIAL	1.1%
DELUXE	1.0%
FIRST AMER.FINL.	1.0%
AMERICAN EQ.INV.LF.HLDG.	1.0%
STEELCASE 'A'	0.9%
VERINT SYSTEMS	0.9%
HEXCEL	0.9%

**Best Performers**

	Return %
BIG 5 SPTG.GOODS (BGFV)	57.3%
BUILD A BEAR WORKSHOP (BBW)	53.7%
AEP INDS. (AEP)	53.6%
AEGEAN MARINE PTL.NET. (ANW)	53.2%
HACKETT GROUP (HCKT)	49.5%
DENNY'S (DENN)	46.7%
PAM TRANSPORTATION SVS. (PTSI)	43.0%
MERITOR (MTOR)	39.6%
SCRIPPS E W 'A' (SSP)	37.0%
GENTEX (GNTX)	35.7%

**Worst Performers**

	Return %
GT ADVANCED TECHS. (GTATQ)	-96.9%
EMERALD OIL (EOX)	-80.5%
PHOTOMEDEX (PHMD)	-75.3%
SANCHEZ ENERGY (SN)	-64.6%
REX ENERGY (REXX)	-59.7%
BONANZA CREEK ENERGY (BCEI)	-57.8%
C&J ENERGY SERVICES (CJES)	-56.8%
TRIANGLE PETROLEUM (TPLM)	-56.6%
MCDERMOTT INTL. (MDR)	-49.1%
PATTERSON UTI ENERGY (PTEN)	-48.7%

## Equity Sector Attribution - Capital Prospects

Quarter Ending December 31, 2014

## 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	0.8%		0.3%		0.6%		-0.1%		-25.0%		-29.1%		5.1%		6.3%
Materials	-0.4%		-0.1%		-0.2%		-0.1%		1.6%		4.3%		8.6%		4.6%
Industrials	-0.3%		-0.2%		0.0%		-0.1%		8.0%		9.1%		23.2%		13.1%
Cons. Disc.	-0.1%		-0.3%		0.2%		-0.1%		11.6%		14.1%		15.6%		11.2%
Cons. Staples	-0.2%		-0.2%		0.0%		0.0%		7.3%		14.9%		2.2%		2.7%
Health Care	-0.3%		-0.3%		0.1%		-0.1%		10.8%		17.9%		6.0%		4.9%
Financials	-0.6%		-0.4%		-0.4%		0.2%		10.5%		11.7%		22.7%		40.1%
Info. Tech	-0.4%		-0.4%		0.1%		-0.2%		7.8%		11.5%		14.2%		10.1%
Telecomm.	0.0%		0.0%		0.0%		0.0%		-0.1%		4.7%		0.0%		0.8%
Utilities	-0.2%		0.2%		-0.3%		-0.1%		20.7%		18.0%		2.5%		6.2%
Cash	0.0%		0.0%		0.0%		0.0%		0.0%		--		0.0%		0.0%
Portfolio	-1.9%	=	-1.5%	+	0.1%	+	-0.5%		7.5%		9.4%		100.0%		100.0%

# Stanislaus County Employees' Retirement Association

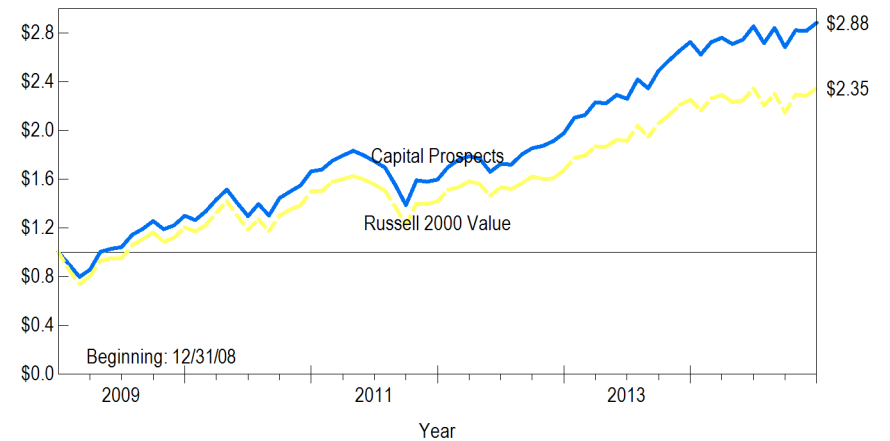
## Return Based Style Analysis - Capital Prospects

3 Years Ending December 31, 2014

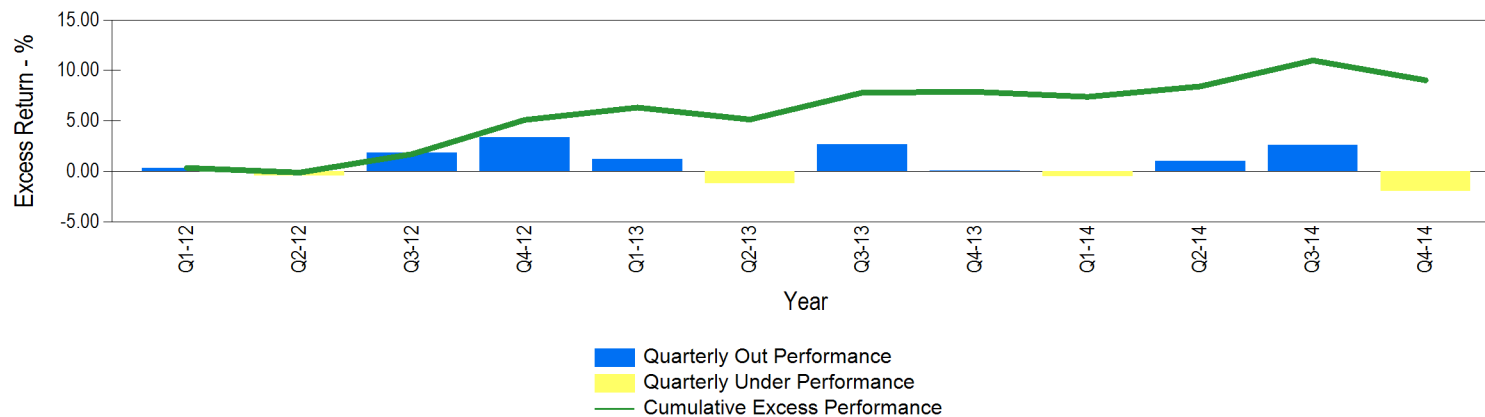
US Effective Style Map

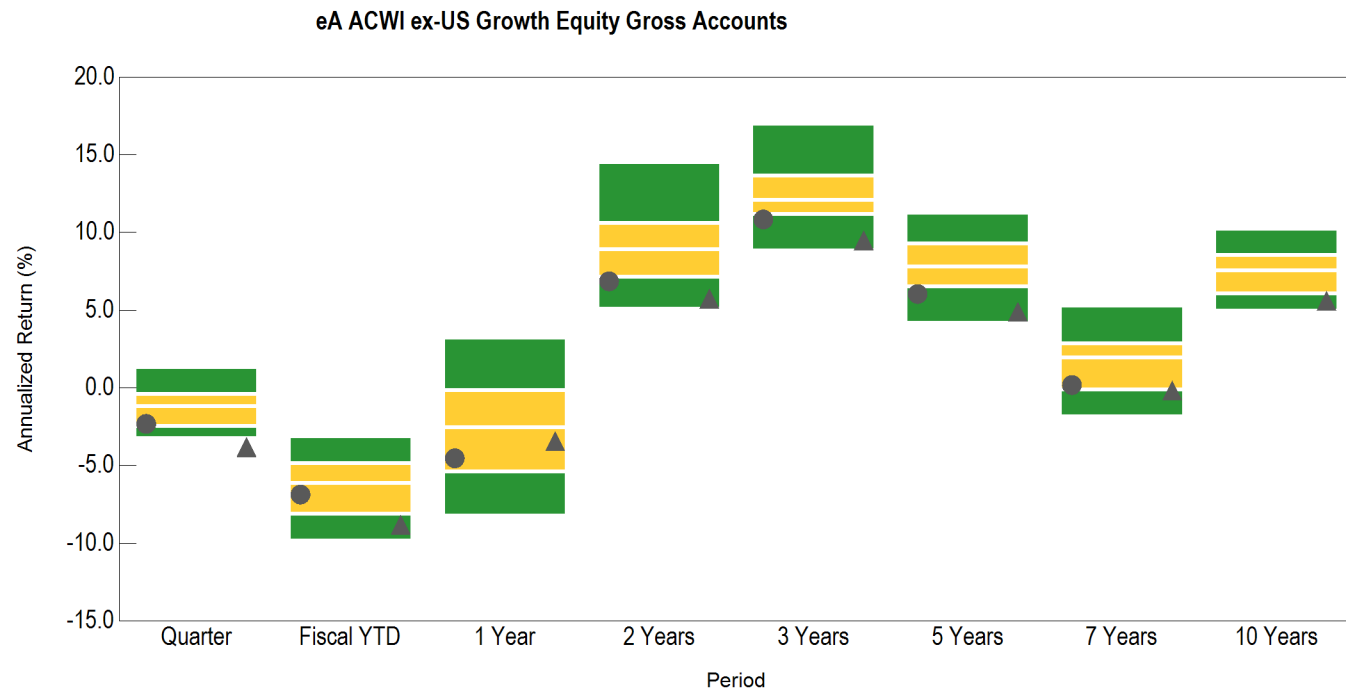


Growth of a Dollar



Quarterly and Cumulative Excess Performance





	Return (Rank)							
5th Percentile	1.3	-3.1	3.2	14.5	17.0	11.2	5.3	10.2
25th Percentile	-0.3	-4.8	-0.1	10.7	13.7	9.3	2.9	8.6
Median	-1.2	-6.1	-2.5	8.9	12.1	7.8	2.0	7.6
75th Percentile	-2.4	-8.1	-5.3	7.2	11.2	6.6	-0.1	6.1
95th Percentile	-3.2	-9.8	-8.2	5.1	8.9	4.2	-1.8	5.0
# of Portfolios	50	50	50	50	50	48	41	31
● Pyramis	-2.3 (75)	-6.9 (59)	-4.5 (72)	6.9 (82)	10.8 (78)	6.0 (82)	0.2 (72)	-- (--)
▲ MSCI ACWI ex USA Gross	-3.8 (99)	-8.8 (89)	-3.4 (68)	5.7 (89)	9.5 (91)	4.9 (94)	-0.2 (77)	5.6 (83)

## Equity Only Summary Statistics - Pyramis

Quarter Ending December 31, 2014

## Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	256	1,839
Weighted Avg. Market Cap. (\$B)	61.6	51.2
Median Market Cap. (\$B)	15.0	6.7
Price To Earnings	21.4	18.5
Price To Book	3.4	2.5
Price To Sales	2.3	2.0
Return on Equity (%)	17.8	14.9
Yield (%)	2.4	2.9
Beta (holdings; global)	1.0	0.9

## Top Holdings

NESTLE 'R'	2.0%
ROYAL DUTCH SHELL A	2.0%
ROCHE HOLDING	1.8%
NOVARTIS 'R'	1.6%
HSBC HDG. (ORD \$0.50)	1.6%
TOYOTA MOTOR	1.6%
BAYER	1.5%
LLOYDS BANKING GROUP	1.3%
SANOFI	1.3%
ALLIANZ	1.2%

## Best Performers

	Return %
ALIMENTATION CCH.TARD SUBD.VTG.SHS. (C:ATD.B)	31.3%
DON QUIJOTE HOLDINGS (J:DONQ)	21.6%
GAGFAH (D:GFJ)	21.0%
NIPPON SHOKUBAI (J:NIPN)	19.2%
CONSTELLATION SOFTWARE (C:CSU)	18.8%
TAYLOR WIMPEY (UKIR:TW.)	17.5%
CHRISTIAN DIOR (F:CDI)	17.3%
ALIBABA GROUP HLDG.SPN. ADR 1:1 (BABA)	17.0%
WINPAK (C:WPK)	15.9%
KAWASAKI HEAVY INDUSTRY (J:KW@N)	15.5%

## Worst Performers

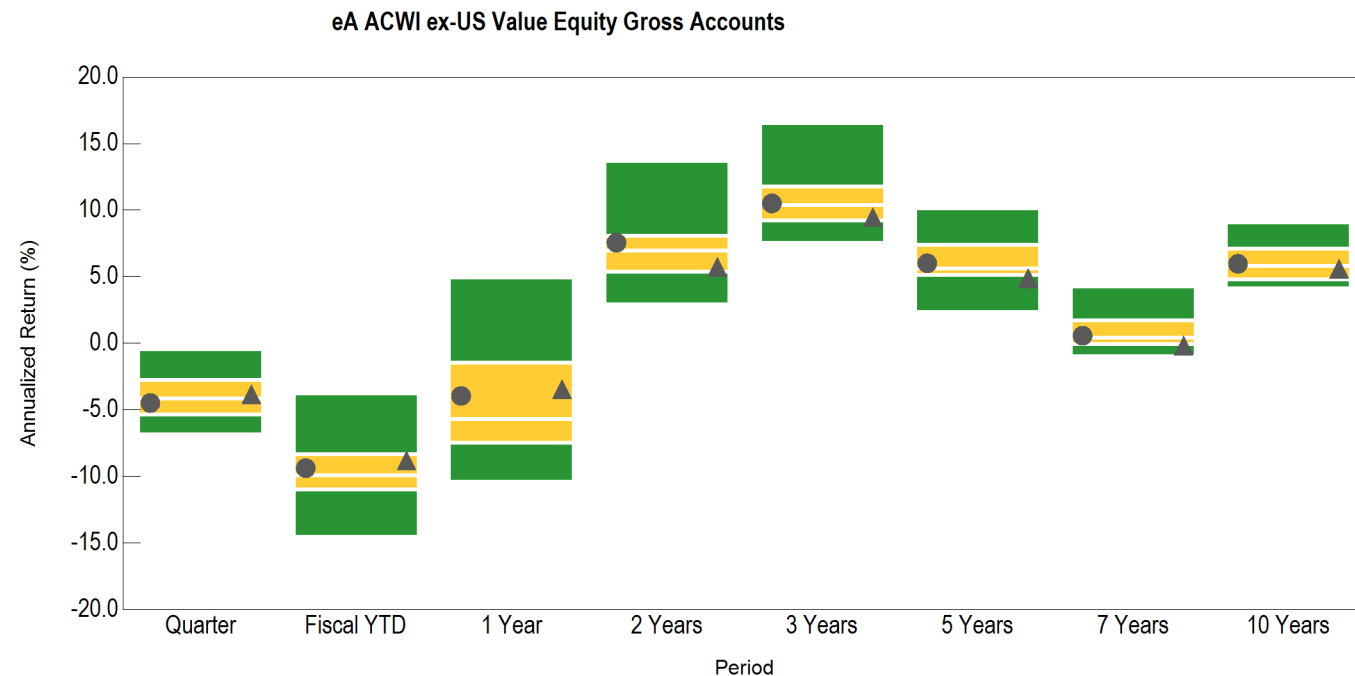
	Return %
AFRICA OIL (OME) (W:AOI)	-50.4%
SERCO GROUP (UKIR:SERC)	-46.0%
AKER SOLUTIONS (N:AKSO)	-44.4%
SANTOS (A:STOX)	-43.6%
TULLOW OIL (UKIR:TLW)	-38.2%
CANADIAN EN.SVS.& TECH. (C:CEU)	-34.0%
SECURE ENERGY SERVICES (C:SES)	-32.0%
PASON SYS. (C:PSI)	-32.0%
TAHOE RESOURCES (C:THO)	-31.5%
METHANEX (C:MX)	-30.7%

## Equity Sector Attribution - Pyramis

Quarter Ending December 31, 2014

## 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	0.4%		-0.1%		0.3%		0.2%		-18.9%	-19.8%	7.6%	9.1%
Materials	0.3%		0.2%		0.0%		0.0%		-4.4%	-7.5%	7.3%	8.0%
Industrials	0.1%		0.2%		0.0%		0.0%		-2.1%	-3.6%	12.2%	10.9%
Cons. Disc.	0.5%		0.4%		0.2%		-0.1%		5.9%	2.3%	13.1%	10.6%
Cons. Staples	0.1%		0.1%		0.0%		0.0%		-0.4%	-1.7%	8.9%	9.8%
Health Care	-0.5%		-0.1%		-0.1%		-0.3%		-5.9%	-4.5%	13.6%	8.7%
Financials	0.2%		0.2%		0.0%		0.1%		-1.2%	-1.9%	24.0%	27.0%
Info. Tech	0.1%		0.2%		-0.1%		0.0%		1.8%	0.7%	5.7%	7.0%
Telecomm.	0.2%		0.2%		0.0%		0.0%		1.4%	-2.2%	4.4%	5.3%
Utilities	0.1%		0.1%		0.0%		0.0%		-2.9%	-4.1%	1.5%	3.6%
Cash	0.0%		0.0%		0.0%		0.0%		0.0%	--	1.6%	0.0%
Portfolio	1.6%	=	1.4%	+	0.3%	+	-0.1%		-2.2%	-3.8%	100.0%	100.0%

**Return (Rank)**

<b>5th Percentile</b>	-0.5	-3.8	4.9	13.7	16.5	10.1	4.3	9.0
<b>25th Percentile</b>	-2.7	-8.3	-1.4	8.1	11.8	7.4	1.8	7.1
<b>Median</b>	-4.1	-9.9	-5.7	7.0	10.4	5.7	0.4	5.8
<b>75th Percentile</b>	-5.3	-10.9	-7.4	5.4	9.3	5.2	0.0	4.8
<b>95th Percentile</b>	-6.8	-14.5	-10.4	3.0	7.6	2.4	-1.0	4.1
<b># of Portfolios</b>	37	37	37	37	35	31	28	22
<b>● LSV Asset Mgt</b>	-4.5 (60)	-9.4 (41)	-4.0 (39)	7.6 (37)	10.5 (50)	6.0 (39)	0.6 (37)	6.0 (46)
<b>▲ MSCI ACWI ex USA Gross</b>	-3.8 (47)	-8.8 (33)	-3.4 (38)	5.7 (69)	9.5 (71)	4.9 (84)	-0.2 (79)	5.6 (63)

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

Quarter Ending December 31, 2014

Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	212	1,839
Weighted Avg. Market Cap. (\$B)	30.3	51.2
Median Market Cap. (\$B)	7.6	6.7
Price To Earnings	15.4	18.5
Price To Book	1.7	2.5
Price To Sales	1.1	2.0
Return on Equity (%)	12.7	14.9
Yield (%)	3.9	2.9
Beta (holdings; global)	1.0	0.9

Top Holdings

MAGNA INTL.	2.0%
ALLIANZ	1.6%
ROYAL DUTCH SHELL B	1.5%
DAIMLER	1.3%
BANK OF CHINA 'H'	1.3%
SANOFI	1.2%
CHINA PTL. & CHM. 'H'	1.2%
SWISS RE	1.2%
DBS GROUP HOLDINGS	1.2%
OLD MUTUAL	1.2%

Best Performers

	Return %
BANGCHAK PETROLEUM FB (Q:BNKF)	54.4%
CHINA MINSHENG BANKING 'H' (K:CNM)	45.2%
CHINA RAILWAY CON.'H' (K:CHNR)	40.1%
CHONGQING RUR.COML.BK. 'H' (K:CRCB)	37.4%
CHINA SHANSHUI CMT.GROUP (K:CSCG)	34.5%
MAN GROUP (UKIR:EMG)	29.9%
SEINO HDG. (J:YK@N)	26.8%
AIN PHARMACIEZ (J:DCL)	26.1%
BANK OF CHINA 'H' (K:BOCH)	25.7%
PEGATRON (TW:PEG)	25.5%

Worst Performers

	Return %
MOUNT GIBSON IRON (A:MGXX)	-58.0%
MOBL.TELSMS.OJSC SPN.ADR 1:2 (MBT)	-50.9%
PTRO.BRAO.ADR 1:2 (PBRA)	-49.1%
PETROBRAS PN (BR:POB)	-49.0%
ARRIUM (A:ARIX)	-44.9%
EQSTRA HOLDINGS (R:EQSJ)	-42.9%
PANORAMIC RESOURCES (A:PANX)	-40.0%
STATOIL (N:STL)	-35.1%
DGB FINANCIAL GROUP (KO:ZCN)	-33.2%
OAQ GAZPROM ADS (LON) (UKIR:OGZD)	-32.7%



## Equity Sector Attribution - LSV Asset Mgt

Quarter Ending December 31, 2014

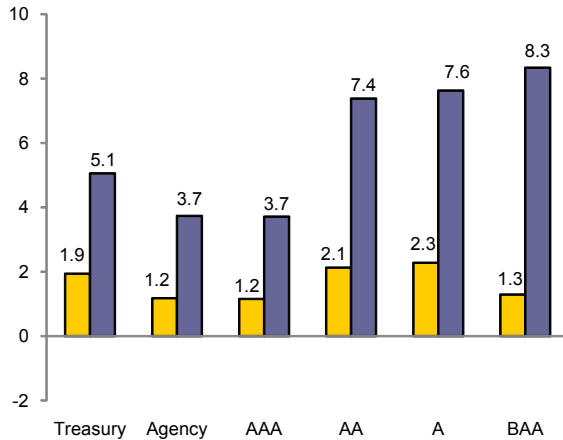
## LSV Asset Mgt Performance Attribution vs. MSCI ACWI ex USA Gross

	Attribution Effects							Returns		Sector Weights	
	Total Effects		Selection Effect	Allocation Effect		Interaction Effects	Portfolio	Benchmark	Portfolio	Benchmark	
Energy	0.1%		0.3%		-0.4%		0.2%	-14.3%	-19.8%	11.5%	9.1%
Materials	-0.1%		-0.2%		0.0%		0.1%	-9.0%	-7.5%	8.1%	8.0%
Industrials	0.2%		0.3%		0.0%		0.0%	-1.5%	-3.6%	10.3%	10.9%
Cons. Disc.	0.3%		0.1%		-0.1%		0.3%	6.0%	2.3%	8.7%	10.6%
Cons. Staples	0.4%		0.5%		-0.1%		0.0%	3.9%	-1.7%	5.5%	9.8%
Health Care	0.0%		0.0%		0.0%		0.0%	-5.5%	-4.5%	7.9%	8.7%
Financials	-0.1%		0.0%		0.1%		-0.2%	-1.7%	-1.9%	31.2%	27.0%
Info. Tech	-0.1%		-0.2%		-0.1%		0.3%	-3.0%	0.7%	4.1%	7.0%
Telecomm.	-0.6%		-0.3%		0.0%		-0.3%	-9.0%	-2.2%	7.8%	5.3%
Utilities	-0.2%		-0.3%		0.0%		0.1%	-11.8%	-4.1%	3.0%	3.6%
Cash	0.0%		0.0%		0.0%		0.0%	0.0%	--	1.9%	0.0%
Portfolio	-0.1%	=	0.2%	+	-0.6%	+	0.3%	-3.9%	-3.8%	100.0%	100.0%

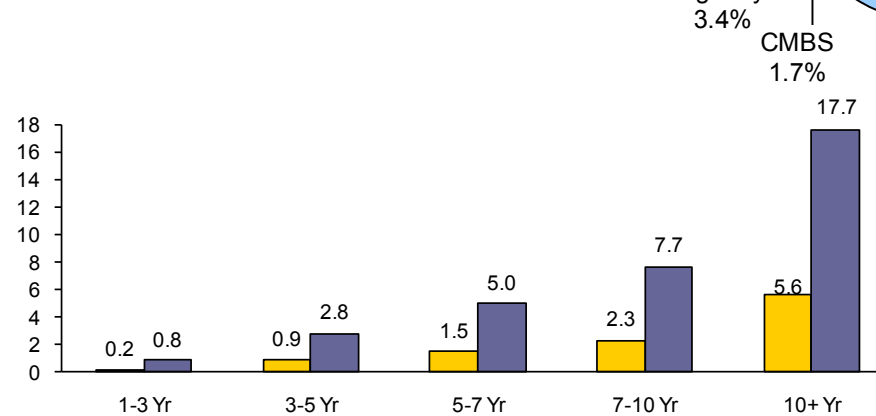
# U.S. Bond Market Returns – Barclays Capital Aggregate

- Disinflation and geopolitical risk boosted demand for U.S. Treasuries, with the aggregate index rising by 1.9% in the fourth quarter.
- Longer duration treasuries outperformed; Treasuries with durations over 10 years rose 5.6% during the fourth quarter.
- Lower-rated corporate bonds (BAA) rose 1.3% during the fourth quarter even as declining oil prices led to sharp declines in bonds related to the energy sector.

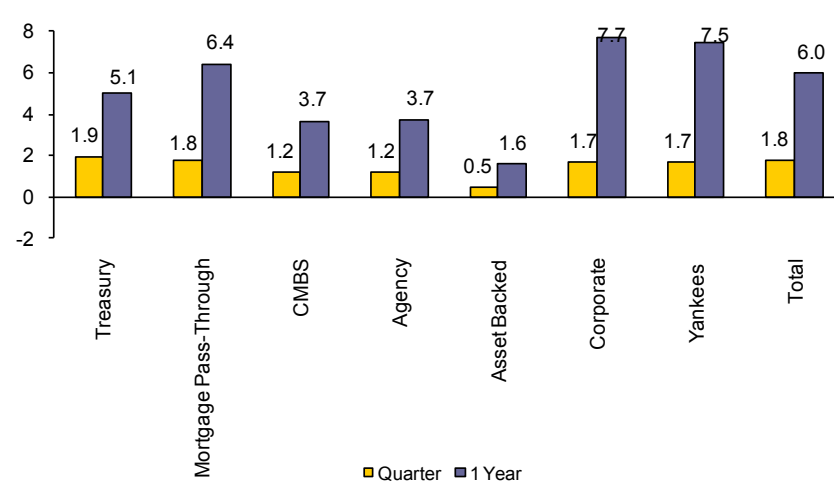
Quality Performance (%)



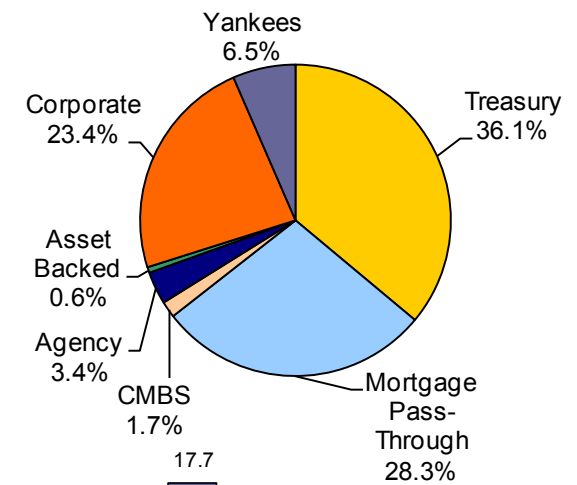
Duration Performance (%)



Sector Performance (%)

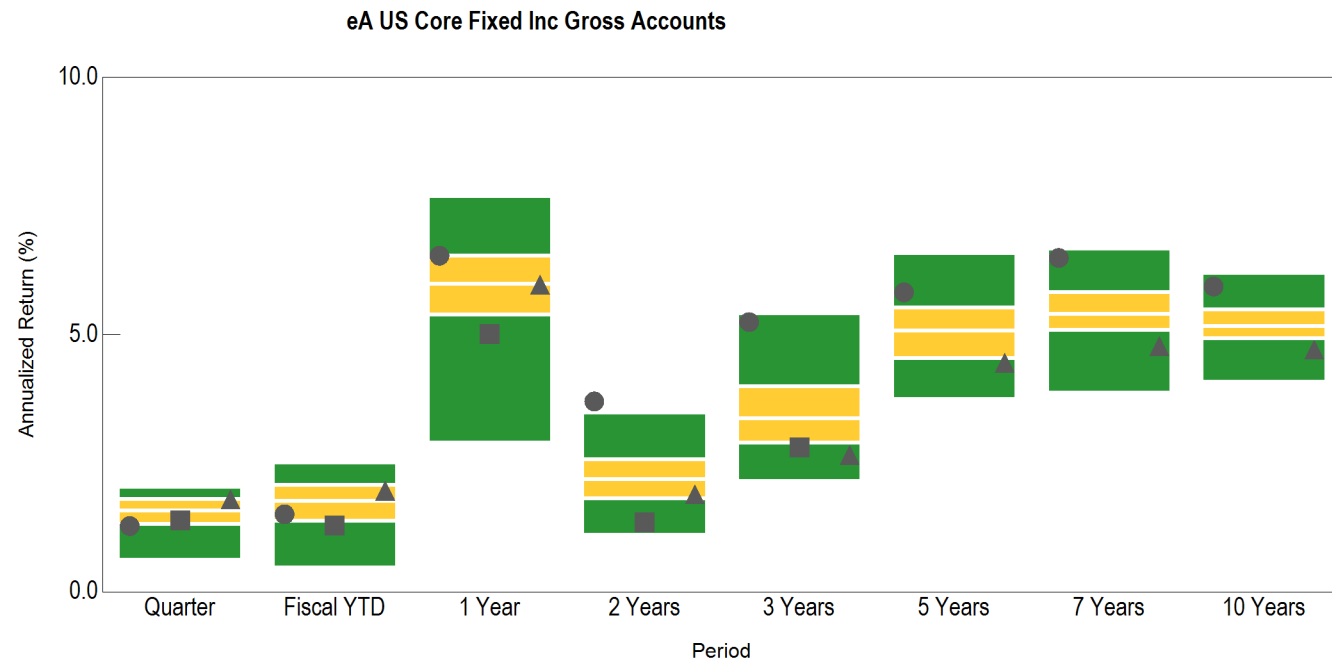


Sector Weights



## Total Returns - Core Fixed Income

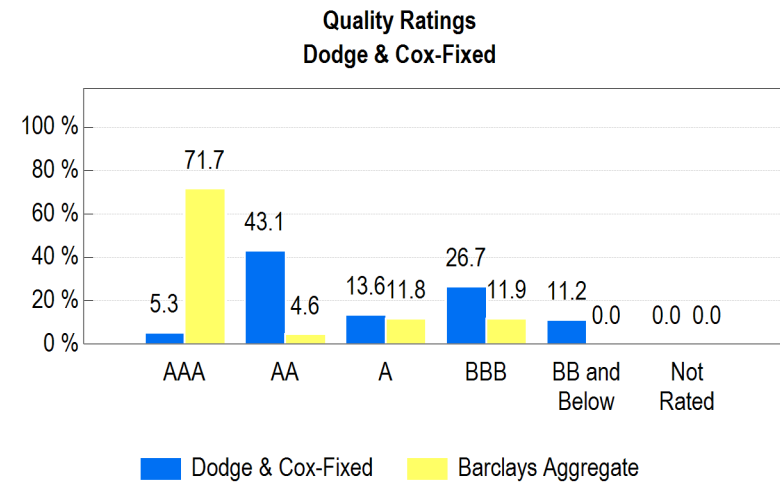
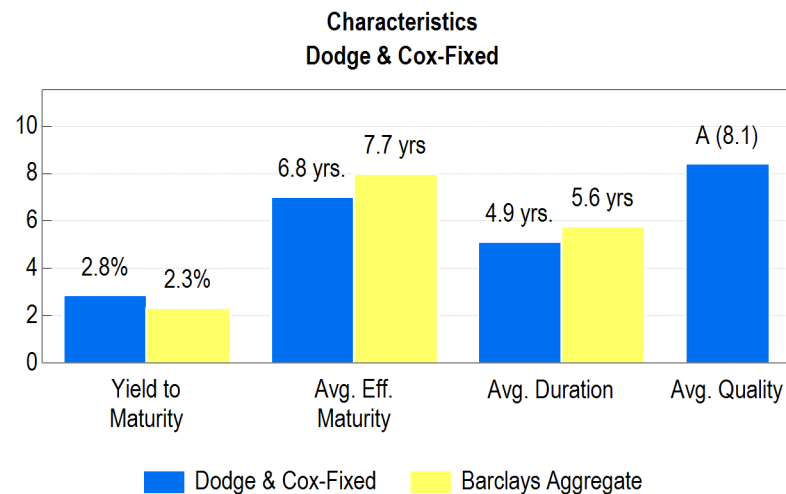
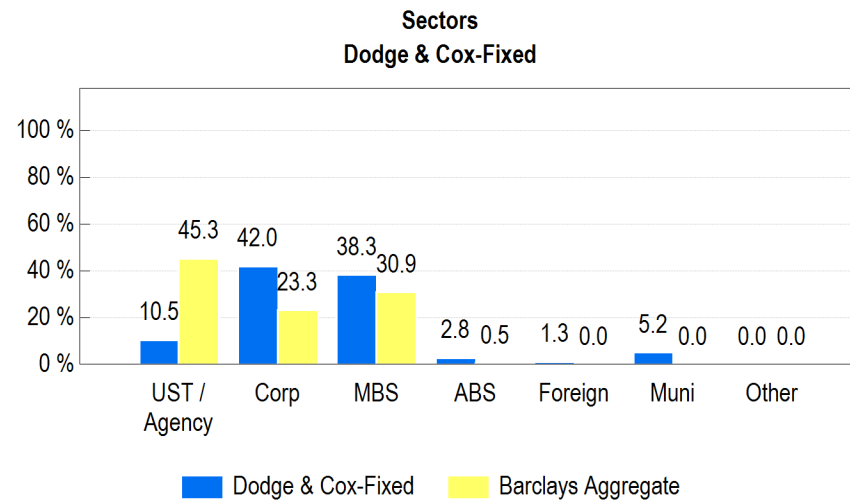
Periods Ending December 31, 2014



	Return (Rank)							
5th Percentile	2.0	2.5	7.7	3.5	5.4	6.6	6.7	6.2
25th Percentile	1.8	2.1	6.5	2.6	4.0	5.5	5.8	5.5
Median	1.6	1.8	6.0	2.2	3.4	5.1	5.4	5.2
75th Percentile	1.3	1.4	5.4	1.8	2.9	4.6	5.1	4.9
95th Percentile	0.6	0.5	2.9	1.1	2.2	3.8	3.9	4.1
# of Portfolios	213	213	213	213	212	204	195	182
● Dodge & Cox-Fixed	1.3 (78)	1.5 (70)	6.5 (26)	3.7 (4)	5.2 (6)	5.8 (13)	6.5 (7)	5.9 (9)
■ PIMCO	1.4 (73)	1.3 (81)	5.0 (83)	1.4 (91)	2.8 (79)	-- (--)	-- (--)	-- (--)
▲ Barclays Aggregate	1.8 (29)	2.0 (36)	6.0 (52)	1.9 (71)	2.7 (83)	4.4 (80)	4.8 (83)	4.7 (86)

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

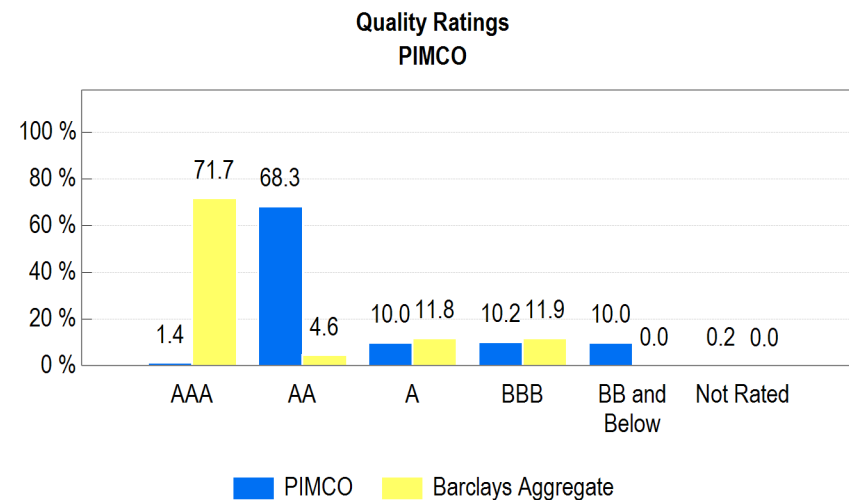
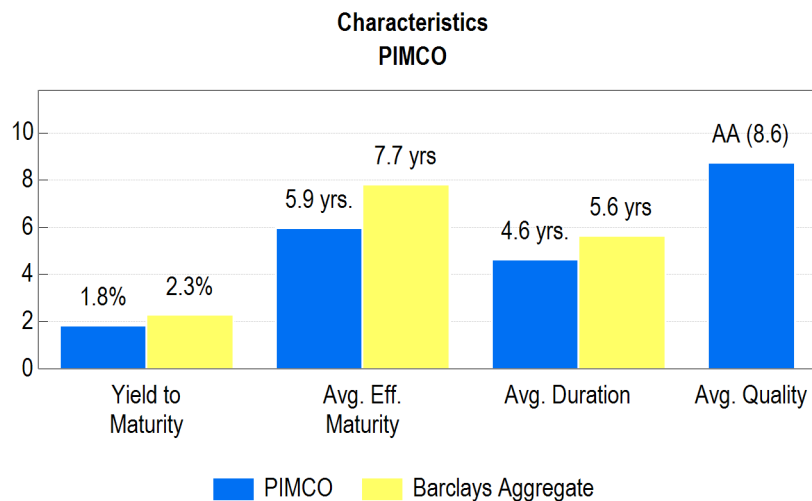
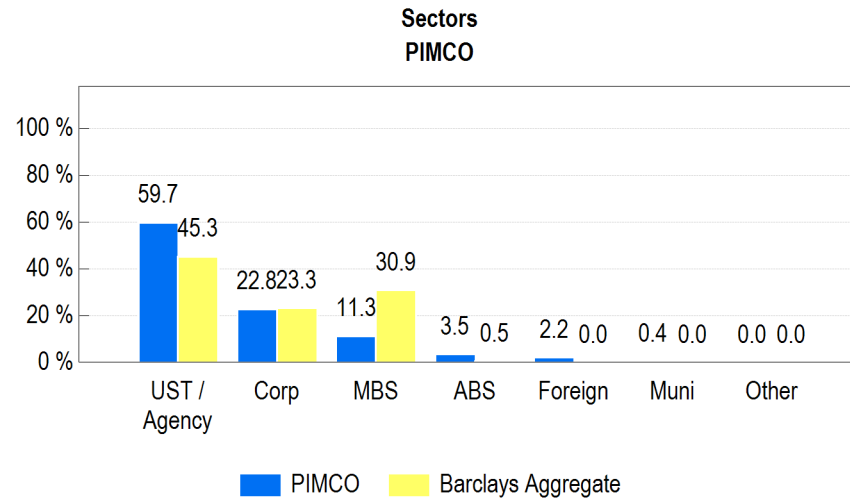
As of December 31, 2014



# Stanislaus County Employees' Retirement Association

## Bond Summary Statistics - PIMCO Fixed Income

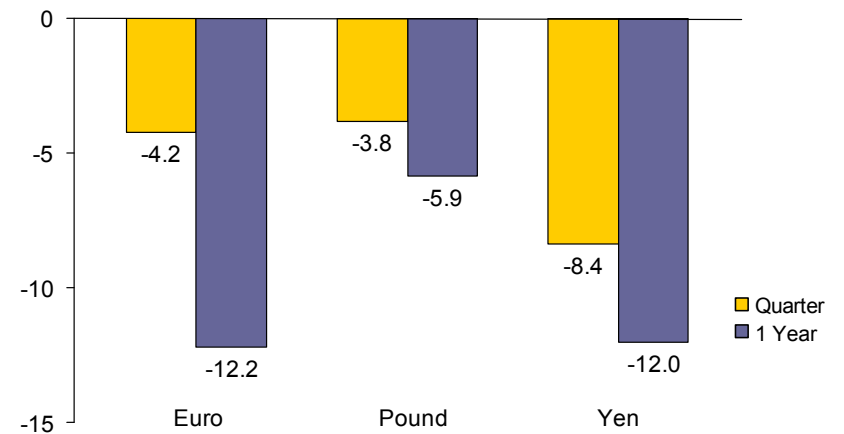
As of December 31, 2014



## Currency Markets

- Expectations of European Central Bank sovereign quantitative easing led to a weaker euro, which fell 4.2% versus the dollar during the fourth quarter.
- The yen fell 8.4% versus the dollar during the fourth quarter, driven by diverging monetary policies and more easing measures by the Bank of Japan.
- The U.S. dollar trade-weighted index, which measures the dollar's movement against a basket of currencies, rose 5.1% in the fourth quarter.

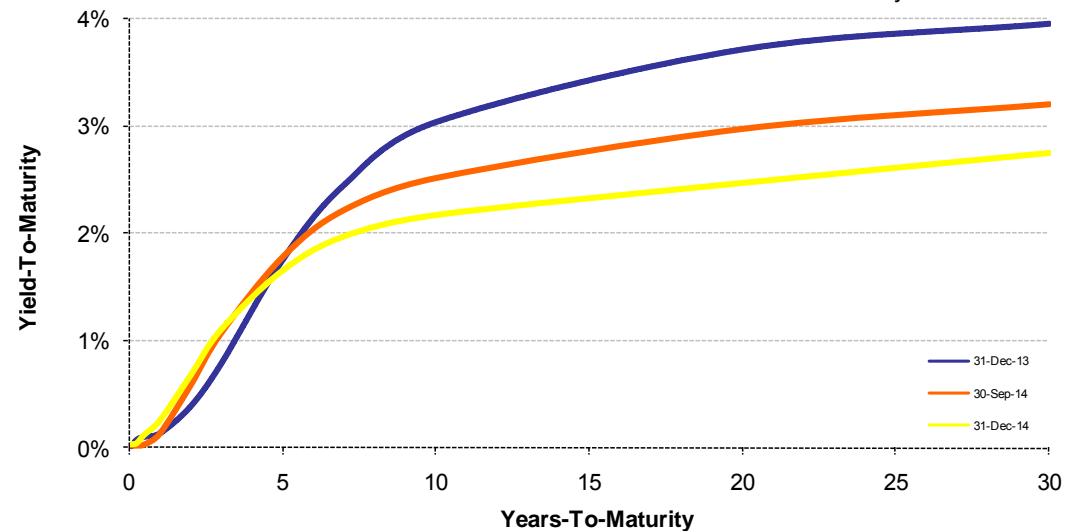
Currency Returns (%)



## Yield Curve

- The Treasury curve flattened as 1- through 3-year rates rose while 5- through 30-year rates declined. The shorter maturity rate increases were driven by increased expectations of a Federal Reserve rate hike in the middle of 2015.
- 10-year yields fell 35bps during the fourth quarter, while 30-year yields fell 46bps.

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



StanCERA Investment Managers Peer Ranking

**Total Fund**

Taken From SIS Quarterly Investment Performance Analysis Reports  
9/30/2011 through 12/31/2014

	9/30/2011	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
1 Quarter	85	30	16	69	5	27	13	38	14	14	63	40	43	17
1 Year	77	85	70	62	12	5	6	22	13	12	13	48	23	23
Over 3 years	8	14	10	23	21	28	27	14	9	10	15	12	12	7
Over 5 years	59	54	43	41	62	61	12	8	2	3	3	7	9	9

Note: Ranking 1 is highest & 100 lowest

Revised 2/18/15

StanCERA Investment Managers Peer Ranking  
**Peer Ranking For Returns Over 1 Quarter**  
 Taken From SIS Quarterly Investment Performance Analysis Reports  
 9/30/2011 through 12/31/2014

	9/30/2011	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
S&P 500	30	50	65	29	14	24	49	28	63	41	62	33	30	53
BlackRock 1,000 G	30	25	67	24	55	64	34	48	13	60	43	31	42	54
Delaware/Jackson Square	7	10	40	44	40	40	16	88	15	41	62	21	66	10
BlackRock 1,000 V	35	42	76	19	33	45	30	62	3	48	33	41	53	34
Dodge & Cox	73	65	34	22	7	24	50	19	22	12	59	58	23	81
Legato	56	65	41	13	52	51	31	38	46	64	52	74	34	40
Capital Prospects	37	73	71	21	15	10	47	80	24	59	69	42	33	50
LSV	61	51	66	83	31	75	26	66	33	24	75	24	29	60
Pyramis	61	42	41	44	38	43	50	37	68	58	82	51	38	75
Dodge & Cox FI	90	41	10	83	21	9	7	9	11	5	9	13	43	78
Pimco	13	54	79	12	57	52	29	90	42	95	82	59	94	73
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 2/18/15



StanCERA Investment Managers Peer Ranking

**Peer Ranking For Returns Over 1 Year**

Taken From SIS Quarterly Investment Performance Analysis Reports

9/30/2011 through 12/31/2014

	9/30/2011	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
S&P 500	32	28	35	34	24	16	18	29	63	58	66	60	37	39
BlackRock 1,000 G	29	23	34	27	37	53	37	37	63	56	63	55	38	47
Delaware/Jackson Square	16	2	8	4	24	36	29	57	13	39	41	31	47	28
BlackRock 1,000 V	44	30	50	26	19	30	17	44	15	59	61	55	43	39
Dodge & Cox	63	83	81	55	4	3	7	29	3	15	17	19	22	64
Legato	56	61	58	35	34	24	16	28	28	41	53	70	65	38
Capital Prospects	34	42	56	37	35	9	9	68	29	53	47	43	47	42
LSV	46	48	54	78	64	75	69	53	54	39	40	34	29	41
Pyramis	60	34	35	37	80	52	35	40	52	61	80	84	65	59
Dodge & Cox FI	70	89	72	77	12	9	20	7	4	3	4	6	9	70
Pimco	30	14	25	19	55	54	28	74	63	89	87	80	89	81
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 2/18/15

StanCERA Investment Managers Peer Ranking

**Peer Ranking For Returns Over 3 Years**

Taken From SIS Quarterly Investment Performance Analysis Reports

9/30/2011 through 12/31/2014

	9/30/2011	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
S&P 500	52	50	56	44	20	11	18	16	48	50	55	47	47	50
BlackRock 1,000 G	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29	63	39	39	36	45	53
Delaware/Jackson Square	15	6	11	12	4	7	4	5	13	5	6	6	27	27
BlackRock 1,000 V	n/a	n/a	n/a	n/a	n/a	n/a	n/a	41	15	47	45	40	40	39
Dodge & Cox	46	39	35	62	55	44	50	23	3	17	17	13	8	13
Legato	n/a	61	62	58	60	59	53	54	39	40	30	45	46	37
Capital Prospects	n/a	64	66	48	42	21	22	34	32	30	35	31	36	27
LSV	26	17	23	34	49	57	57	71	60	70	74	73	51	50
Pyramis	38	36	34	34	67	65	74	72	67	68	80	73	77	78
Dodge & Cox FI	17	32	20	38	31	40	39	17	9	12	13	12	7	6
Pimco	n/a	n/a	n/a	n/a	n/a	n/a	n/a	45	52	52	58	61	77	79
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 2/18/15

StanCERA Investment Managers Peer Ranking

**Peer Ranking For Returns Over 5 Years**

Taken From SIS Quarterly Investment Performance Analysis Reports

9/30/2011 through 12/31/2014

	9/30/2011	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
S&P 500	60	61	58	54	33	38	29	16	55	48	36	48	45	47
BlackRock 1,000 G	n/a	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
Delaware/Jackson Square	43	34	32	22	21	23	16	11	13	10	14	10	8	11
BlackRock 1,000 V	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	15	n/a	n/a	n/a	51	41
Dodge & Cox	72	73	73	65	73	71	55	50	3	17	13	23	28	32
Legato	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	53	70	61	57
Capital Prospects	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	45	46	41	35	31
LSV	48	42	39	56	74	67	62	60	34	19	18	33	46	39
Pyramis	34	24	27	26	60	68	71	64	74	71	72	73	81	82
Dodge & Cox FI	36	39	27	33	25	15	8	9	6	9	8	12	13	13
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 2/18/15

**StanCERA Manager Review List**  
Performance Through Decemeber 31, 2014

Returns are Gross of Fees

		Expected Manager		6 Month Alpha > -1 St. Dev	12 Month Alpha > -1 St. Dev	Annualized Alpha 3 Years	Annualized Alpha 5 Years	Peer Ranking 3 Years	Peer Ranking 5 Years	Manager		
		Tracking Error (bps)	Benchmark							in Compliance with Guidelines	Organization Personnel Continuity	Adherence to Style
Manager Name	Status											
Domestic Equity												
Dodge & Cox (Lg Cap Value)	Good Standing	600	R1000V	Yes	Yes	260	50	13	32	Yes	Yes	Yes
BlackRock (Passive Lg Cap Value)	Good Standing	0	R1000V	Yes	Yes	10	0	39	41	Yes	Yes	Yes
Jackson Square (Lg Cap Growth)	Good Standing	500	R1000G	Yes	Yes	150	190	27	11	Yes	Yes	Yes
BlackRock (Passive Lg Cap Growth)	Good Standing	0	R1000G	Yes	Yes	0	N/A	53	N/A	Yes	Yes	Yes
Mellon Capital (Passive SP 500)	Good Standing	0	S&P 500	Yes	Yes	0	0	50	47	Yes	Yes	Yes
Capital Prospects (Sm Cap Value)	Good Standing	400	R2000V	Yes	Yes	350	300	27	31	Yes	Yes	Yes
Legato (Small Cap Growth)	Good Standing	400	R2000G	Yes	Yes	130	50	37	57	Yes	Yes	Yes
International Equity												
LSV Asset	Good Standing	600	MSCI ACWI ex US	Yes	Yes	100	110	50	39	Yes	Yes	Yes
Pyramis	Good Standing	400	MSCI ACWI ex US	Yes	Yes	130	110	48	39	Yes	Yes	Yes
REITS												
BlackRock (Passive US Real Estate Securities)	Good Standing	0	DJ US Select RESI	Yes	Yes	N/A	N/A	N/A	N/A	Yes	Yes	Yes
Fixed Income												
Dodge & Cox	Good Standing	300	Barclays Aggregate	Yes	Yes	250	140	6	13	Yes	Yes	Yes
PIMCO	Good Standing	100	Barclays Aggregate	Yes	Yes	10	N/A	79	N/A	Yes	No	Yes

**Note:**

1.0 x reported negative tracking error equates to the bottom 15% of the expected return distribution, assuming an alpha of 0%.

If a manager has an expected tracking error of 800 basis points, that manager would be Under Review if its return was 800 basis points below the benchmark for the 6 and or 12 months time periods.

If the manager has a negative alpha for 3 and or 5 years or is ranked in the bottom quartile, that manager could be placed on Under Review Status.

Recommend keeping all managers in "Good Standing" status.

2/24/15  
Item # 7.d

# STANISLAUS COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## **MONTHLY FLASH REPORT**

**JANUARY 31, 2015**

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333 BUSH STREET | SAN FRANCISCO | 94104 | 415.362.3484

## U.S. EQUITY

January kick-started the year by reversing prior year trend and delivering negative returns throughout U.S. equity markets.

Value underperformed Growth, with the exception found in mid-cap stocks where style wasn't overly indicative in terms of value-add. For the month, the Russell 1000 Growth Index was down -1.5% compared to the Russell 1000 Value Index down -4.0%. The Russell 2000 Growth was down by -2.3% and the Russell 2000 Value Indices down -4.2%. The S&P 500 Index ended the month down by -3.0%.

The S&P 500 Index has a trailing P/E ratio of 20.0, a forward 12-month estimate P/E ratio of 17.2 and a dividend yield of 1.98%.

Corporate merger highlights for the month included:

MWI Veterinary Supply agreed to be acquired by AmerisourceBergen in a deal valued at \$2.5 billion; Tekmira Pharmaceuticals will buy OnCore Biopharma to create a company focused on treating hepatitis B; Irish drugmaker Shire will acquire U.S. group NPS Pharmaceuticals for \$5.2 billion; Roche struck a deal worth up to \$750 million with Japan's Meiji Seika Pharma and Canada's Fedora for an antibiotic-boosting drug to battle superbugs; Schlumberger will acquire a 45.65% stake in Russia's largest drilling company Eurasia Drilling for \$1.7 billion; Family Dollar shareholders approved a takeover by Dollar Tree, despite higher competing offers from Dollar General; Expedia acquired travel booking site Travelocity for \$280 million; Hutchison Whampoa will acquire Telefonica's British mobile unit O2 for up to \$15.4 billion; Energy Transfer Partners will pay about \$11 billion to acquire affiliate Regency Energy Partners; AT&T will buy Nextel Mexico for about \$1.88 billion; Axis Capital Holdings and PartnerRe agreed to an \$11 billion merger to create one of the world's largest reinsurers; Rock-Tenn and MeadWestvaco will combine to form a packaging company with \$16 billion; Post Holdings, a consumer packaged goods holding company, will acquire MOM Brands for \$1.15 billion; Marriott Intl. will buy Canada's Delta Hotels and Resorts for \$135 million; Bain Capital will acquire TI Automotive for an undisclosed amount; Lattice Semiconductor will buy fellow semiconductor manufacturer Silicon Image in a deal worth about \$600 million; Yahoo plans to spin off its remaining \$40 billion stake in Alibaba into a separate entity; CommonScope will buy nearly all of Swiss electronics firm

TEConnectivity's network gear business for about \$3 billion to expand in Europe and Asia; Hershey will buy California-based Krave Jerky for an undisclosed sum; jerky sales in the U.S. totaled \$1.41 billion last year.

## FIXED INCOME

As expected, the Fed made no changes to monetary policy. It left the fed funds target range at 0-0.25% and opined again that the FOMC believes "it can be patient in beginning to normalize the stance of monetary policy." The Fed also retained its balance sheet reinvestment program, keeping the size of the Fed's balance sheet unchanged.

GDP growth fell short of expectations for the quarter with an annual growth rate of 2.6%. Year-over-year, GDP rose a moderate 2.5% in 2014, a pace held down by the 2.1% contraction in the first quarter of the year.

The yield on the bellwether 10-year Treasury note fell to 1.68% at the close of January from its December close of 2.17%. At month-end, the 30-year bond yield was 2.25% and the 3-month T-bill was 0.01%. The Barclays Capital US Aggregate Index was up +2.1% in January.

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

## THE GOOD

\*The Commerce Department reported that the trade gap narrowed 7.7% to \$39 billion, the smallest since December 2013.

\*U.S. mortgage rates started the year by dipping to new lows with the average 30-year rate falling to 3.73%, its lowest level since May 2013.

\*Americans spent more briskly in stores than expected during the winter holiday shopping season. According to ShopperTrak, sales rose 4.6% in November and December beating expectations.

\*U.S. consumer borrowing rose \$14.1 billion in November to a record \$3.3 trillion excluding real estate loans.

\*Employers added 252,000 jobs last month with the unemployment rate dropping to 5.6%, its lowest since 2008.

\*Construction spending was up 5.7% the first 11 months of 2014 vs. a year ago, following increases of 9% and 6% in 2012 and 2013, respectively.

\*The National Federation of Independent Business small business optimism index rose 2.3 points to 100.4 in December, the highest level in more than eight years.

\*U.S. wholesale prices fell 0.3% in December, the largest amount in more than three years, reflecting the biggest monthly decline in the cost of gasoline in six years.

\*U.S. factory production rose 0.3% in December, its fourth straight gain, as manufacturers churned out more furniture, computers and clothing, offsetting a decline in autos.

\*Single family housing starts, the largest part of the market, jumped 7.2% to a seasonally adjusted annual pace of 728,000 units in December, the highest level since March 2008.

\*The Congressional Budget Office said that the U.S. budget deficit will decline slightly to \$468 billion this fiscal year from \$483 billion last year.

\*The Conference Board's consumer-confidence index rose from 93.1 in December to 102.9 in January, its highest level since August 2007.

## THE NOT SO GOOD

\*The International Monetary Fund lowered its forecast for global economic growth by 0.3 percentage points to 3.5% for 2015 and 3.7% for 2016.

\*The Commerce Department reported that retail sales fell 0.9% in December, the biggest decline since last January and exceeded economists' expectations for only a 0.1% drop.

\*Financial data firm Markit said its preliminary U.S. Manufacturing Purchasing Managers Index fell to 53.7 in January, matching the 2014 low last January.

\*For all of 2014, existing home sales fell 3.1% to 4.93 million, the first annual drop in 4 years.

\*The Commerce Dept. reported that non-defense capital goods orders excluding aircraft, a closely watched proxy for business depending plans, fell 0.6% in December after a downwardly revised 0.6% drop in November.

## NON-U.S. MARKETS

The European Central Bank launched its most aggressive effort to date to revive the region's ailing economy – a program to buy €1.1 trillion in government and private bonds starting in March.

The European Commission's economic confidence index for the overall Eurozone rose 0.6 point in January to 101.2, the highest since July. However, the index remained well within the narrow range of roughly 100 to

102.5 that has prevailed since the end of 2013, suggesting that any sense that confidence is improving across the Eurozone is highly tentative at this point.

It appears that the Greek debt crisis could be pushed to new and disturbing levels of brinkmanship with reports coming from Germany that the two sides are “as far apart as ever” and from Greece that Athens is no longer open to taking orders from the Troika.

Bank reserves in Japan continue to grow rapidly, reflecting the ongoing bank of Japan asset purchase program. The monetary base rose 37.4% year-over-year in January, down slightly from 38.2% in December. Bank notes rose 3.5%, coins 0.7% and reserve balances 66.7%.

China's GDP growth for the fourth quarter posted at 7.3% year-over-year, unchanged from Q3. This put growth at 7.4% for 2014 overall, down from 7.7% in 2013. This left 2014 as China's weakest year of growth in over two decades. China is expected to continue its gradual slowdown with GDP coming in around a projected 7.0% in 2015.

Russia's central bank surprised by cutting administered rates 2.00 points to 15.00%. This sent the already struggling ruble to new lows. The Bank's previous rate move was a 6.50% hike just last month.

Non-U.S. equities posted mixed returns in January. The MSCI ACWI Ex-U.S. was down -0.13% (US dollars) for the month. International Developed stocks (EAFE) were up +0.5% and Emerging Markets stocks were up +0.6% in January.

## CONCLUSION

January provided no shortage of headlines for the financial markets. Oil collapses, currency shocks, and the ECB initiates a substantial easing program.

Commodity prices, and especially oil, have fallen, dramatically on expanding supply and serious disappointments in global growth. Unlike the quick rebound in prices after the Great Recession, oil may remain soft for some time, increasing dividing lines between winners and losers – of which there will be many. Note that commodity prices were high for so long that the assumption of high prices had seriously distorted economic and financial bets for years, and will now have to be reset.

The significant expansive programs in the euro area and accommodative postures in Japan will be combined with the beginnings of tighter monetary policy in the U.S. and a weaker growth trajectory in China; such a mix may lead to greater volatility in equity, credit and exchange markets, with swings between optimism and bearish sentiment.

At the moment, sovereign bonds yields for many advanced economies are falling to new lows and are increasingly negative at the shorter end of the yield curve. Deflation fears, massive central bank purchase programs and new reduced growth outlooks are responsible. All these cross currents make for a very complex outlook.



## Monthly Market Update

### US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Jan-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	-2.78	-0.43	-2.78	12.99	17.70	17.43	15.83	8.07	7.93
Russell TOP 200 Index	-3.28	-1.15	-3.28	13.80	17.63	17.26	15.11	7.33	7.25
Russell TOP 200 Growth Index	-1.46	0.20	-1.46	15.58	19.75	17.45	16.20	9.43	8.46
Russell TOP 200 Value Index	-5.11	-2.52	-5.11	12.00	15.54	17.05	14.01	5.19	6.02
S&P 500 Index	-3.00	-0.64	-3.00	14.22	17.81	17.47	15.60	7.75	7.61
Russell 1000 Index	-2.75	-0.43	-2.75	13.76	17.92	17.62	15.84	8.01	7.93
Russell 1000 Growth Index	-1.53	0.53	-1.53	14.59	19.37	17.35	16.49	9.43	8.69
Russell 1000 Value Index	-4.00	-1.43	-4.00	12.93	16.42	17.79	15.14	6.45	7.06
Russell Mid-Cap Index	-1.56	1.17	-1.56	13.66	18.57	18.42	17.62	9.72	9.67
Russell Mid-Cap Growth Index	-1.68	1.26	-1.68	12.46	18.60	17.26	17.49	9.62	9.54
Russell Mid-Cap Value Index	-1.43	1.08	-1.43	15.05	18.54	19.47	17.74	9.64	9.53
Russell 2000 Index	-3.22	-0.37	-3.22	4.41	15.17	15.27	15.66	8.77	7.87
Russell 2000 Value Index	-4.16	-2.00	-4.16	3.90	12.61	14.15	13.97	7.58	6.86
Russell 2000 Growth Index	-2.28	1.26	-2.28	5.01	17.79	16.39	17.33	9.87	8.79
DJ US REIT Index	6.69	10.90	6.69	35.34	17.42	16.19	19.92	9.06	9.84
DJ-UBS US Commodity Index TR	-4.96	-14.34	-4.96	-20.02	-15.81	-11.18	-4.74	-8.57	-2.29
DJ-UBS US Gold Index TR	6.49	9.03	6.49	2.91	-12.59	-10.21	2.78	3.96	10.79

### Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Jan-15	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	-0.13	-2.99	-0.13	1.01	3.57	7.06	5.91	1.27	5.76
MSCI AC World Index	-1.54	-1.74	-1.54	7.36	10.28	11.98	10.37	4.31	6.71
MSCI EAFE Index	0.50	-1.63	0.50	0.01	6.02	9.82	6.87	1.47	5.16
MSCI Emerging Markets index	0.61	-4.99	0.61	5.61	-2.42	0.94	3.41	0.96	8.81
ML Global Government Bond Ex. U.S. Index	-0.17	-2.72	-0.17	-6.05	-5.08	-5.57	0.12	1.91	2.48
Euro	-6.74	-9.93	-6.74	-16.32	-8.82	-4.83	-4.08	-3.81	-1.43
Japanese Yen	2.07	-4.56	2.07	-13.18	-11.86	-13.41	-5.05	-1.41	-1.26
UK Pound Sterling	-3.68	-6.12	-3.68	-8.61	-2.67	-1.64	-1.29	-3.93	-2.25

### US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Jan-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	0.01	0.00	0.03	0.06	0.07	0.09	0.31	1.53
BarCap Aggregate Bond Index	2.10	2.92	2.10	6.61	3.32	3.07	4.57	4.83	4.86
ML U.S. Corp/Govt Master Index	2.72	3.60	2.72	7.67	3.60	3.45	5.02	4.93	4.94
ML U.S. Corporate Master Index	2.74	3.25	2.74	8.52	4.71	5.54	6.76	6.56	5.72
BarCap Mortgage Backed Securities Index	0.85	1.67	0.85	5.33	2.96	2.52	3.63	4.54	4.78
ML U.S. High Yield Master Index	0.68	-1.51	0.68	2.39	4.54	7.53	8.69	8.76	7.62
JPM EMBI Global	0.34	-2.92	0.34	6.97	0.17	4.83	7.26	7.07	7.65

## Monthly Market Update

## US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Jan-15	1 Month	3 Month	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	-2.78	-0.43	12.99	8.67	17.43	15.83	16.85	7.93
Russell TOP 200 Index	-3.28	-1.15	13.80	8.77	17.26	15.11	15.62	7.25
Russell TOP 200 Growth Index	-1.46	0.20	15.58	10.95	17.45	16.20	17.82	8.46
Russell TOP 200 Value Index	-5.11	-2.52	12.00	6.59	17.05	14.01	13.36	6.02
S&P 500 Index	-3.00	-0.64	14.22	9.45	17.47	15.60	16.38	7.61
Russell 1000 Index	-2.75	-0.43	13.76	9.31	17.62	15.84	16.88	7.93
Russell 1000 Growth Index	-1.53	0.53	14.59	10.40	17.35	16.49	18.55	8.69
Russell 1000 Value Index	-4.00	-1.43	12.93	8.20	17.79	15.14	15.11	7.06
Russell Mid-Cap Index	-1.56	1.17	13.66	10.53	18.42	17.62	20.16	9.67
Russell Mid-Cap Growth Index	-1.68	1.26	12.46	9.21	17.26	17.49	20.72	9.54
Russell Mid-Cap Value Index	-1.43	1.08	15.05	12.05	19.47	17.74	19.49	9.53
Russell 2000 Index	-3.22	-0.37	4.41	1.40	15.27	15.66	16.52	7.87
Russell 2000 Growth Index	-2.28	1.26	5.01	2.94	16.39	17.33	18.83	8.79
Russell 2000 Value Index	-4.16	-2.00	3.90	-0.11	14.15	13.97	14.26	6.86
Bloomberg Commodity Index TR	-4.96	-14.34	-20.02	-18.41	-11.18	-4.74	-2.36	-2.29
DJ US REIT Index	6.69	10.90	35.34	37.17	16.19	19.92	19.82	9.84
DJ-UBS US Gold Index TR	6.49	9.03	2.91	5.59	-10.21	2.78	5.59	10.79

## Non-US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Jan-15	1 Month	3 Months	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	-0.13	-2.99	1.01	-3.30	7.06	5.91	10.17	5.76
MSCI AC World Index	-1.54	-1.74	7.36	2.85	11.98	10.37	13.17	6.71
MSCI EAFE Index	0.50	-1.63	0.01	-3.71	9.82	6.87	9.79	5.16
MSCI Emerging Markets index	0.61	-4.99	5.61	-1.13	0.94	3.41	12.07	8.81
ML Global Government Bond Ex. U.S. Index	-0.17	-2.72	-6.05	-3.78	-5.57	0.12	0.64	2.48
Japanese Yen	2.07	-4.56	-13.18	-9.75	-13.41	-5.05	-4.17	-1.26
Euro	-6.74	-9.93	-16.32	-16.84	-4.83	-4.08	-3.37	-1.43
UK Pound Sterling	-3.68	-6.12	-8.61	-8.63	-1.64	-1.29	0.72	-2.25

## US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Jan-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	0.01	0.03	0.04	0.07	0.09	0.11	1.53
BarCap Aggregate Bond Index	2.10	2.92	6.61	7.53	3.07	4.57	4.99	4.86
BarCap Mortgage Backed Securities Index	0.85	1.67	5.33	6.43	2.52	3.63	4.17	4.78
ML U.S. Corp/Govt Master Index	2.72	3.60	7.67	8.62	3.45	5.02	5.19	4.94
ML U.S. Corporate Master Index	2.74	3.25	8.52	9.62	5.54	6.76	9.05	5.72
ML U.S. High Yield Master Index	0.68	-1.51	2.39	2.90	7.53	8.69	15.53	7.62
JPM EMBI Global	0.34	-2.92	6.97	5.42	4.83	7.26	10.41	7.65

As of January 31, 2015

ASSET CLASS	MARKET VALUE	PERCENT	CURRENT POLICY		TARGET POLICY	
			ALLOCATION	RANGE	ALLOCATION	RANGE
<b>DOMESTIC EQUITIES</b>	<b>842,197,837</b>	<b>47.6%</b>	<b>46.7%</b>	<b>41.7% - 51.7%</b>	<b>38.2%</b>	<b>32.2% - 44.2%</b>
BlackRock Russell 1000 Growth	105,570,991	6.0%	5.5%	4.0% - 6.0%	4.6%	
Jackson Square	161,612,079	9.1%	8.5%	7.0% - 10.0%	6.7%	
BlackRock Russell 1000 Value	119,349,173	6.7%	6.5%	5.5% - 6.5%	5.5%	
Dodge & Cox - Equity	173,641,118	9.8%	9.7%	7.7% - 11.7%	8.9%	
Legato Capital	88,140,831	5.0%	5.5%	4.0% - 6.0%	3.7%	
Capital Prospects	94,687,297	5.4%	5.5%	4.0% - 6.0%	4.0%	
Mellon S&P 500	99,196,348	5.6%	5.5%	4.0% - 6.0%	4.8%	
<b>INTERNATIONAL EQUITIES</b>	<b>300,309,077</b>	<b>17.0%</b>	<b>18.0%</b>	<b>15.0% - 21.0%</b>	<b>18.0%</b>	<b>15.0% - 21.0%</b>
LSV Asset Mgt	147,356,434	8.3%	9.0%	7.5% - 10.5%	9.0%	
Pyramis	152,952,643	8.6%	9.0%	7.5% - 10.5%	9.0%	
<b>FIXED INCOME</b>	<b>500,287,945</b>	<b>28.3%</b>	<b>29.8%</b>	<b>26.0% - 33.6%</b>	<b>29.8%</b>	<b>26.0% - 33.6%</b>
Dodge & Cox - Fixed	388,048,405	21.9%	23.8%	20.8% - 26.8%	23.8%	
PIMCO	112,239,540	6.3%	6.0%	5.0% - 7.0%	6.0%	
<b>ALTERNATIVES:</b>	<b>125,870,091</b>	<b>7.1%</b>	<b>5.5%</b>		<b>14.0%</b>	
<b>REAL ESTATE</b>	<b>32,958,113</b>	<b>1.9%</b>	<b>1.5%</b>	<b>1.0% - 2.0%</b>	<b>3.5%</b>	<b>1.0% - 4.5%</b>
American Strategic Value Fund	5,483,400	0.3%				
BlackRock US Real Estate	14,361,669	0.8%	1.5%	0.0% - 2.0%	0.0%	
Greenfield Gap	10,612,911	0.6%	0.0%	0.0% - 1.5%	1.0%	
12th Street Building	2,500,000	0.1%	0.0%		0.0%	
Unallocated Private Real Estate	0	0.0%	0.0%		2.5%	
<b>DIRECT LENDING</b>	<b>92,911,978</b>	<b>5.3%</b>	<b>4.0%</b>	<b>2.0% - 6.0%</b>	<b>7.5%</b>	<b>2.5% - 9.0%</b>
Medley Capital	31,169,080	1.8%	1.0%	1.0% - 3.0%	2.1%	
Raven Capital	30,367,378	1.7%	1.5%	1.0% - 3.0%	2.7%	
White Oak Pinnacle	31,375,520	1.8%	1.5%	1.0% - 3.0%	2.7%	
<b>INFRASTRUCTURE</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0% - 0.0%</b>	<b>3.0%</b>	<b>0.0% - 4.0%</b>
<b>CASH</b>	<b>2,589</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0% - 3.0%</b>	<b>0.0%</b>	<b>0.0% - 3.0%</b>
<b>TOTAL PORTFOLIO</b>	<b>1,768,667,539</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	

## Asset Class Market Value Summary

As of January 31, 2015

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
<b>MARKET VALUE</b>					
DOMESTIC EQUITIES	842,197,837	873,673,340	-3.60%	793,386,996	6.15%
INTERNATIONAL EQUITIES	300,309,077	301,879,545	-0.52%	300,268,318	0.01%
FIXED INCOME	500,287,945	495,094,660	1.05%	497,719,937	0.52%
DIRECT LENDING	92,911,978	93,267,930	-0.38%	55,128,696	68.54%
REAL ESTATE	32,958,113	31,813,208	3.60%	25,078,563	31.42%
SECURITIES LENDING	0	0	0.00%	(560,301)	100.00%
DISTRIBUTION RECEIVABLE	0	0	0.00%	7,885,764	100.00%
CASH	2,589	2,589	0.00%	-	N/A
TOTAL PORTFOLIO	1,768,667,539	1,795,731,273	-1.51%	1,678,907,974	5.35%
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	47.62%	48.65%	-1.0%	47.26%	0.4%
INTERNATIONAL EQUITIES	16.98%	16.81%	0.2%	17.88%	-0.9%
FIXED INCOME	28.29%	27.57%	0.7%	29.65%	-1.4%
DIRECT LENDING	5.25%	5.19%	0.1%	3.28%	2.0%
REAL ESTATE	1.86%	1.77%	0.1%	1.49%	0.4%
SECURITY LENDING	0.00%	0.00%	0.0%	-0.03%	0.0%
RECEIVABLES	0.00%	0.00%	0.0%	0.47%	-0.5%
CASH	0.00%	0.00%	0.0%	-	N/A
TOTAL PORTFOLIO	100.0%	100.0%	0.0%	100.0%	0.0%
* % Change represents changes in cash balances, including cash transfers, and does not represent investment returns					

Periods Ending January 31, 2015

	Market Value	1 Mo	12/1/14 - 12/31/14	Fiscal YTD
<b>Total Fund</b>	<b>\$1,768,667,539</b>	<b>-1.38%</b>	<b>-0.34%</b>	<b>0.09%</b>
<b>US Equity</b>	<b>\$842,197,837</b>	<b>-3.60%</b>	<b>0.45%</b>	<b>1.09%</b>
<i>US Equity Blended</i>		<u>-2.84%</u>	<u>0.38%</u>	<u>1.85%</u>
Excess Return		-0.76%	0.07%	-0.76%
BlackRock Russell 1000 Growth	\$105,570,991	-1.55%	-1.03%	4.78%
<i>Russell 1000 Growth</i>		<u>-1.53%</u>	<u>-1.04%</u>	<u>4.71%</u>
Excess Return		-0.02%	0.01%	0.07%
Jackson Square	\$161,612,079	-3.16%	-0.26%	4.28%
<i>Russell 1000 Growth</i>		<u>-1.53%</u>	<u>-1.04%</u>	<u>4.71%</u>
Excess Return		-1.63%	0.78%	-0.43%
BlackRock Russell 1000 Value	\$119,349,173	-3.97%	0.60%	0.67%
<i>Russell 1000 Value</i>		<u>-4.00%</u>	<u>0.61%</u>	<u>0.59%</u>
Excess Return		0.03%	-0.01%	0.08%
Dodge & Cox-Equity	\$173,641,118	-5.53%	0.04%	-2.21%
<i>Russell 1000 Value</i>		<u>-4.00%</u>	<u>0.61%</u>	<u>0.59%</u>
Excess Return		-1.53%	-0.57%	-2.80%
<b>Legato Capital</b>	<b>\$88,140,831</b>	<b>-2.45%</b>	<b>3.01%</b>	<b>1.29%</b>
<i>Russell 2000 Growth</i>		<u>-2.28%</u>	<u>2.97%</u>	<u>0.95%</u>
Excess Return		-0.17%	0.04%	0.34%
<b>Capital Prospects</b>	<b>\$94,687,297</b>	<b>-4.19%</b>	<b>2.38%</b>	<b>-3.24%</b>
<i>Russell 2000 Value</i>		<u>-4.16%</u>	<u>2.73%</u>	<u>-4.15%</u>
Excess Return		-0.03%	-0.35%	0.91%
Mellon S&P 500	\$99,196,348	-3.01%	-0.23%	2.95%
<i>S&amp;P 500</i>		<u>-3.00%</u>	<u>-0.25%</u>	<u>2.93%</u>
Excess Return		-0.01%	0.02%	0.02%

	Market Value	1 Mo	12/1/14 - 12/31/14	Fiscal YTD
<b>International Equity</b>	<b>\$300,309,077</b>	<b>-0.52%</b>	<b>-3.22%</b>	<b>-8.60%</b>
MSCI ACWI ex US		-0.13%	-3.57%	-8.93%
Excess Return		-0.39%	0.35%	0.33%
LSV Asset Mgt	\$147,356,434	-0.87%	-3.37%	-10.17%
MSCI ACWI ex USA Gross		-0.13%	-3.57%	-8.93%
Excess Return		-0.74%	0.20%	-1.24%
Pyramis	\$152,952,643	-0.18%	-3.07%	-7.03%
MSCI ACWI ex USA Gross		-0.13%	-3.57%	-8.93%
Excess Return		-0.05%	0.50%	1.90%
<b>US Fixed Income</b>	<b>\$500,287,945</b>	<b>1.56%</b>	<b>-0.07%</b>	<b>3.04%</b>
Barclays Aggregate		2.10%	0.09%	4.10%
Excess Return		-0.54%	-0.16%	-1.06%
Dodge & Cox-Fixed	\$388,048,405	1.44%	-0.06%	2.97%
Barclays Aggregate		2.10%	0.09%	4.10%
Excess Return		-0.66%	-0.15%	-1.13%
PIMCO	\$112,239,540	1.96%	-0.11%	3.28%
Barclays Aggregate		2.10%	0.09%	4.10%
Excess Return		-0.14%	-0.20%	-0.82%
<b>Real Estate</b>	<b>\$30,458,113</b>	<b>3.91%</b>	<b>1.07%</b>	<b>12.91%</b>
DJ US Select RESI		6.74%	1.78%	19.13%
Excess Return		-2.83%	-0.71%	-6.22%
American Strategic Value Realty	\$5,483,400	0.00%	--	--
NCREIF Property Index		0.00%	3.04%	5.75%
Excess Return		0.00%		

Periods Ending January 31, 2015

	Market Value	1 Mo	12/1/14 - 12/31/14	Fiscal YTD
BlackRock US Real Estate	\$14,361,669	6.72%	1.77%	19.07%
<i>DJ US Select RESI TR USD</i>		<u>6.74%</u>	<u>1.78%</u>	<u>19.13%</u>
Excess Return		-0.02%	-0.01%	-0.06%
Greenfield Gap	\$10,612,911	0.78%	0.00%	--
<i>NCREIF ODCE +1%</i>		<u>0.08%</u>	<u>0.16%</u>	<u>7.10%</u>
Excess Return		0.70%	-0.16%	
<b>Direct Lending</b>	<b>\$92,911,978</b>	<b>-0.70%</b>	<b>-0.02%</b>	<b>2.37%</b>
Medley Capital	\$31,169,080	0.00%	0.00%	1.94%
Raven Capital	\$30,367,378	0.31%	0.59%	3.98%
White Oak Pinnacle	\$31,375,520	-2.34%	-0.63%	2.62%
12th Street Building	\$2,500,000	0.00%	0.00%	0.00%
Cash Account	\$2,589	0.00%	0.00%	0.03%

STANCERA  
Price Monitor Position Report

BlackRock  
Passive Large Cap Growth Manager  
Positions as of January 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	1/31/2015 \$ PX	2/13/2015 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	62,986	\$7,379,412	6.99%	0.42%	117.16	127.08	8.47%	3.11%
Microsoft Corp.	MSFT	54,876	\$2,216,991	2.10%	0.13%	40.40	43.87	8.59%	3.23%
Verizon Communications	VZ	42,265	\$1,931,949	1.83%	0.11%	45.71	49.31	7.88%	2.52%
Coca-Cola Co.	KO	38,208	\$1,573,008	1.49%	0.09%	41.17	41.99	1.99%	-3.37%
Gilead Sciences	SLB	18,452	\$1,520,222	1.44%	0.09%	82.39	88.38	7.27%	1.91%
INTL Business Machines	IBM	9,503	\$1,456,880	1.38%	0.08%	153.31	160.40	4.62%	-0.74%
Google Inc. - Class C	GOOGL	2,710	\$1,456,880	1.38%	0.08%	537.55	551.16	2.53%	-2.83%
Home Depot Inc	HD	13,952	\$1,456,880	1.38%	0.08%	104.42	111.89	7.15%	1.79%
Google Inc. - Class A	GOOG	2,706	\$1,446,323	1.37%	0.08%	534.52	549.01	2.71%	-2.65%
Facebook Inc.	FB	18,914	\$1,435,765	1.36%	0.08%	75.91	75.74	-0.22%	-5.58%
TOP TEN HOLDINGS			\$21,874,309	20.72%	1.24%	Russell 1000 Growth:		5.36%	

Total Portfolio Value  
Total StanCERA Value

**\$105,570,991**  
\$1,768,667,539



STANCERA  
Price Monitor Position Report

BlackRock  
Passive Large Cap Value Manager  
Positions as of January 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	1/31/2015 \$ PX	2/13/2015 \$ PX	Position % Change	Relative % Change
EXXON MOBIL CORP	XOM	51,060	\$4,463,659	3.74%	0.25%	87.42	93.37	6.81%	1.71%
BERKSHIRE HATHAWAY INC	BRK-B	21,563	\$3,103,078	2.60%	0.18%	143.91	148.34	3.08%	-2.02%
WELLS FARGO & CO	WFC	57,238	\$2,971,794	2.49%	0.17%	51.92	55.33	6.57%	1.47%
GENERAL ELECTRIC CO	GE	120,898	\$2,888,250	2.42%	0.16%	23.89	25.15	5.27%	0.18%
JOHNSON & JOHNSON	JNJ	27,174	\$2,721,161	2.28%	0.15%	100.14	99.62	-0.52%	-5.62%
JPMORGAN CHASE & CO	JPM	47,187	\$2,566,007	2.15%	0.15%	54.38	59.67	9.73%	4.63%
PROCTER & GAMBLE CO	PG	29,876	\$2,518,268	2.11%	0.14%	84.29	85.90	1.91%	-3.19%
PFIZER INC	PFE	80,585	\$2,518,268	2.11%	0.14%	31.25	34.64	10.85%	5.75%
CHEVRON CORP	CVX	23,397	\$2,398,918	2.01%	0.14%	102.53	112.78	10.00%	4.90%
AT&T CORP	T	61,995	\$2,040,871	1.71%	0.12%	32.92	34.66	5.29%	0.19%
TOP TEN HOLDINGS			\$28,190,275	23.62%	1.59%	Russell 1000 Value		<b>5.10%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$119,349,173</b>
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\$1,768,667,539

STANCERA  
Price Monitor Position Report

BNY - S&P 500 Index  
Passive S&P 500 Index Fund  
Positions as of January 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	1/31/2015 \$ PX	2/13/2015 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	34,375	\$4,027,372	4.06%	0.23%	117.16	127.08	8.47%	3.28%
Exxon Mobil Corp	XOM	23,488	\$2,053,364	2.07%	0.12%	87.42	93.37	6.81%	1.62%
Microsoft	MSFT	47,388	\$1,914,490	1.93%	0.11%	40.40	43.87	8.59%	3.41%
Johnson & Johnson	JNJ	14,859	\$1,487,945	1.50%	0.08%	100.14	99.62	-0.52%	-5.70%
Berkshire Hathaway Inc.	BRK-B	10,064	\$1,448,267	1.46%	0.08%	143.91	148.34	3.08%	-2.10%
Wells Fargo & Co.	WFC	26,366	\$1,368,910	1.38%	0.08%	51.92	55.33	6.57%	1.39%
General Electric Co	GE	56,470	\$1,349,070	1.36%	0.08%	23.89	25.15	5.27%	0.09%
Procter & Gamble	PG	14,711	\$1,239,954	1.25%	0.07%	84.29	85.90	1.91%	-3.27%
JPMorgan Chase & Co.	JPM	21,707	\$1,180,437	1.19%	0.07%	54.38	59.67	9.73%	4.55%
Pfizer Inc.	PFE	37,139	\$1,160,597	1.17%	0.07%	31.25	34.64	10.85%	5.67%
TOP TEN HOLDINGS			\$17,230,406	17.37%	0.97%	S&P 500 Index:		<b>5.18%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$99,196,348</b>
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\$1,768,667,539

STANCERA  
Price Monitor Position Report

Dodge & Cox Equity  
Active US Large Cap Value Manager  
Positions as of January 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	1/31/2015 \$ PX	2/13/2015 \$ PX	Position % Change	Relative % Change
HEWLETT-PACKARD CO	HPQ	198,969	\$7,188,742	4.14%	0.41%	0.70%	36.13	38.56	6.73%	1.37%
WELLS FARGO & CO	WFC	133,441	\$6,928,281	3.99%	0.39%	2.50%	51.92	55.33	6.57%	1.21%
CAPITAL ONE FINANCIAL CORP	COF	91,552	\$6,702,547	3.86%	0.38%	1.30%	73.21	78.88	7.74%	2.38%
MICROSOFT CORP	MSFT	162,896	\$6,580,998	3.79%	0.37%	0.50%	40.40	43.87	8.59%	3.23%
NOVARTIS AG-SPONSORED ADR	NVS	57,940	\$5,643,336	3.25%	0.32%	0.00%	97.40	102.20	4.93%	-0.43%
TIME WARNER INC	TWX	71,524	\$5,573,880	3.21%	0.32%	0.70%	77.93	83.87	7.62%	2.26%
TIME WARNER CABLE	TWC	37,246	\$5,070,321	2.92%	0.29%	0.00%	136.13	149.74	10.00%	4.64%
SCHWAB (CHARLES) CORP	SCHW	189,816	\$4,931,408	2.84%	0.28%	0.30%	25.98	29.13	12.12%	6.76%
BANK OF AMERICA CORP	BAC	318,629	\$4,827,223	2.78%	0.27%	0.30%	15.15	16.61	9.64%	4.28%
BANK OF NEW YORK MELLON	BNY	314,659	\$4,723,038	2.72%	0.27%	1.80%	15.01	14.57	-2.93%	-8.29%
TOP TEN HOLDINGS			\$58,169,775	33.50%	3.29%	8.10%	Russell 1000 Growth:		<b>5.36%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$173,641,118**  
\$1,768,667,539

STANCERA  
Price Monitor Position Report

Jackson Square Partners  
Active Large Cap Growth Portfolio  
Positions as of January 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	1/31/2015 \$ PX	2/13/2015 \$ PX	Position % Change	Relative % Change
Celgene Corporation	CELG	83,100	\$9,902,196	6.13%	0.56%	0.91%	119.16	115.88	-2.75%	-8.11%
Allergan, Inc.	AGN	41,038	\$8,997,992	5.57%	0.51%	0.62%	219.26	229.49	4.67%	-0.69%
Visa Inc. Class A	V	32,850	\$8,373,794	5.18%	0.47%	1.22%	254.91	269.63	5.77%	0.41%
Walgreens Boots Alliance Inc	WBA	102,361	\$7,549,124	4.67%	0.43%	0.50%	73.75	78.73	6.75%	1.39%
eBay Inc.	EBAY	139,200	\$7,377,600	4.57%	0.42%	0.64%	53.00	56.47	6.55%	1.19%
Microsoft Corporation	MSFT	175,375	\$7,085,150	4.38%	0.40%	2.06%	40.40	43.87	8.59%	3.23%
MasterCard Incorporated Class A	MA	85,200	\$6,988,956	4.32%	0.40%	0.79%	82.03	87.14	6.23%	0.87%
QUALCOMM Incorporated	QCOM	110,900	\$6,926,814	4.29%	0.39%	1.01%	62.46	70.88	13.48%	8.12%
Crown Castle International Corp	CCI	79,900	\$6,912,149	4.28%	0.39%	0.28%	86.51	88.00	1.72%	-3.64%
Equinix Inc	EQIX	30,349	\$6,581,484	4.07%	0.37%	0.11%	216.86	227.70	5.00%	-0.36%
TOP TEN HOLDINGS			\$76,695,258	47.46%	4.34%	8.13%	Russell 1000 Growth:		5.36%	

Total Portfolio Value  
Total StanCERA Value

**\$161,612,079**  
\$1,768,667,539

STANCERA  
Price Monitor Position Report

Capital Prospects  
Active US Small Cap Value Manager  
Positions as of January 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000V	1/31/2015 \$ PX	2/13/2015 \$ PX	Position % Change	Relative % Change
Hillenbrand, Inc	HI	46,424	\$1,458,184	1.54%	0.08%	0.12%	31.41	30.28	-3.60%	-8.27%
Littelfuse, Inc	LFUS	12,083	\$1,193,060	1.26%	0.07%	0.13%	98.74	98.58	-0.16%	-4.84%
Regal Beloit Corp	RBC	16,503	\$1,136,248	1.20%	0.06%	0.00%	68.85	76.14	10.59%	5.91%
Deluxe Corporation	DLX	15,750	\$1,022,623	1.08%	0.06%	0.19%	64.93	67.06	3.28%	-1.39%
First AM	FAF	26,998	\$918,467	0.97%	0.05%	0.00%	34.02	37.00	8.76%	4.09%
Hexcel Corp New	HXL	20,766	\$918,467	0.97%	0.05%	0.00%	44.23	45.51	2.89%	-1.78%
Cinemark Holdings, Inc	CNK	24,455	\$908,998	0.96%	0.05%	0.00%	37.17	38.93	4.74%	0.06%
MB Financial, Inc	MBFI	31,329	\$890,061	0.94%	0.05%	0.00%	28.41	31.41	10.56%	5.89%
Steelcase Inc	SCS	50,485	\$852,186	0.90%	0.05%	0.08%	16.88	18.43	9.18%	4.51%
Amern Equity	AEL	33,406	\$852,186	0.90%	0.05%	0.00%	25.51	29.15	14.27%	9.60%
TOP TEN HOLDINGS			\$10,150,478	10.72%	0.57%	0.52%	Russell 2000 Value:		4.67%	

Total Portfolio Value  
Total StanCERA Value

**\$94,687,297**  
\$1,768,667,539

STANCERA  
Price Monitor Position Report

Legato Capital Management  
Active US Small Cap Growth Manager  
Positions as of January 31, 2015

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000G	1/31/2015 \$ PX	2/13/2015 \$ PX	Position % Change	Relative % Change
Constant Contact, Inc.	CTCT	47,361	\$1,791,193	2.02%	0.10%	0.14%	37.82	42.48	12.32%	6.82%
Synchronoss Technologies, Inc.	SNCR	38,768	\$1,646,477	1.86%	0.09%	0.17%	42.47	43.89	3.34%	-2.16%
AmSurg Corp.	AMSG	29,104	\$1,605,959	1.81%	0.09%	0.06%	55.18	55.56	0.69%	-4.82%
iShares Russell 2000 Growth ETF	IWO	11,373	\$1,582,109	1.78%	0.09%	0.00%	139.11	146.77	5.51%	0.00%
LifeLock, Inc.	LOCK	87,686	\$1,302,137	1.47%	0.07%	0.14%	14.85	14.10	-5.05%	-10.56%
Akorn, Inc.	AKRX	27,583	\$1,174,484	1.32%	0.07%	0.31%	42.58	47.28	11.04%	5.53%
Cardtronics, Inc.	CATM	33,026	\$1,110,004	1.25%	0.06%	0.17%	33.61	37.02	10.15%	4.64%
Advent Software, Inc.	ADVS	26,302	\$1,100,739	1.24%	0.06%	0.25%	41.85	44.18	5.57%	0.06%
Shutterfly, Inc.	SFLY	23,291	\$1,021,776	1.15%	0.06%	0.12%	43.87	44.86	2.26%	-3.25%
Echo Global Logistics, Inc	ECHO	38,123	\$1,006,447	1.13%	0.06%	0.07%	26.40	26.72	1.21%	-4.29%
TOP TEN HOLDINGS			\$13,341,325	15.04%	0.75%	1.43%	Russell 2000 Growth:		5.51%	

Total Portfolio Value  
Total StanCERA Value

<b>\$88,687,297</b>
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\$1,768,667,539

STANCERA  
Price Monitor Position Report

LSV Asset Management  
International Large Cap Value  
Positions as of December 31, 2014

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	1/31/2015 \$ PX*	2/13/2015 \$ PX*	Position % Change	Relative % Change
MAGNA INTERNATIONAL INC	MGA	Canada	30,539	\$2,932,393	1.99%	0.17%	0.13%	96.02	102.32	6.56%	2.36%
ALLIANZ SE	ALV.DE	Germany	15,601	\$2,284,025	1.55%	0.13%	0.44%	146.40	148.60	1.50%	-2.70%
ROYAL DUTCH SHELL	RDS.A	London	35,490	\$2,180,875	1.48%	0.12%	1.26%	61.45	66.32	7.93%	3.73%
DAIMLER AG	DAI.DE	Germany	24,352	\$1,959,841	1.33%	0.11%	0.46%	80.48	83.19	3.37%	-0.83%
BANK OF CHINA LTD-H	BACHY	China	137,447	\$1,900,898	1.29%	0.11%	0.26%	13.83	14.16	2.39%	-1.81%
SANOFI S.A.	SNY	London	39,325	\$1,812,484	1.23%	0.10%	0.63%	46.09	49.42	7.22%	3.03%
CHINA PETROLEUM & CHEMICAL-H	SNP	Hong Kong	22,882	\$1,812,484	1.23%	0.10%	0.12%	79.21	80.13	1.16%	-3.04%
SWISS RE LTD	SSREY	Germany	20,050	\$1,812,484	1.23%	0.10%	0.17%	90.40	90.73	0.37%	-3.83%
DBS GROUP HOLDINGS LTD	DBSDY	Singapore	30,484	\$1,783,013	1.21%	0.10%	0.16%	58.49	56.95	-2.63%	-6.83%
OLD MUTUAL PLC	OML.L	London	8,352	\$1,738,806	1.18%	0.10%	0.08%	208.20	216.00	3.75%	-0.45%
TOP TEN HOLDINGS				\$20,217,303	13.72%	1.14%	3.71%	MSCI ACWI ex-U.S.		<b>4.20%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$147,356,434</b>
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\$1,768,667,539

\*Company quotes are provided directly in USD

STANCERA  
Price Monitor Position Report

Pyramis Global Advisors  
Active Non-US Growth Manager  
Positions as of January 31, 2015

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	1/31/2015 PX*	2/13/2015 PX*	Position % Change	Relative % Change
NESTLE SA (REG)	7123870	Switzerland	32,145	\$2,461,405	1.56%	0.14%	1.41%	71.00	70.30	-0.99%	-5.18%
ROYAL DUTCH SHELL PLC CL A(NL)	B09CBL4	Amsterdam	71,415	\$2,169,839	1.56%	0.12%	1.12%	26.92	29.00	7.73%	3.53%
ROCHE HLDGS AG (GENUSSCHEINE)	7110388	Germany	7,829	\$2,115,417	1.39%	0.12%	1.08%	33.76	32.60	-3.44%	-7.63%
NOVARTIS AG (REG)	7103065	Germany	21,393	\$2,096,168	1.25%	0.12%	1.28%	97.40	102.20	4.93%	0.73%
TOYOTA MOTOR CORP	6900643	Tokyo	29,700	\$1,932,972	1.23%	0.11%	1.01%	128.85	132.49	2.82%	-1.37%
HSBC HOLDINGS PLC (UK REG)	540528	London	197,662	\$1,809,711	1.22%	0.10%	1.00%	609.60	598.20	-1.87%	-6.07%
BAYER AG	5069211	Germany	12,293	\$1,776,314	1.17%	0.10%	0.68%	33.76	32.60	-3.44%	-7.63%
SANOFI	5671735	Paris	16,962	\$1,569,543	1.04%	0.09%	0.63%	46.09	49.42	7.22%	3.03%
LLOYDS BANKING GROUP PLC	870612	London	1,350,324	\$1,495,688	1.04%	0.08%	0.36%	1.10	1.14	3.64%	-0.56%
BRITISH AMER TOBACCO PLC (UK)	287580	London	26,050	\$1,467,951	0.95%	0.08%	0.60%	112.65	111.13	-1.35%	-5.55%
TOP TEN HOLDINGS				\$18,895,008	12.41%	1.07%	9.17%	MSCI ACWI ex-US:		<b>4.20%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$152,952,643**  
\$1,768,667,539

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





**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
832 12<sup>th</sup> Street, Suite 600  
Modesto, CA 95354  
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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## **February 24, 2015, Retirement Board meeting**

TO: Retirement Board

FROM: Rick Santos, Executive Director

- I. SUBJECT: 2014 Quarter 4 Value Added and Cash Flow Report
- II. ITEM NUMBER: 8.a
- III. ITEM TYPE: Information
- IV. STAFF RECOMMENDATION: None
- V. ANALYSIS:

### *Manager Quarter 4 Value Added*

Overall, Quarter 4 was a disappointing month for most active fixed income and equity managers. In the aggregate, StanCERA active fixed income and equity managers lost \$5.7 million relative to the passive investment. *Jackson Square* and *Pyramis* added approximately \$5.3 million in value while all other active managers gave back approximately \$11 million in value. The following is a breakdown for the reasons behind the sub-par performance:

- *Dodge & Cox Equity* – Stock selection in healthcare and financials
- *Legato Capital* – Stock selection in healthcare and portfolio turnover
- *Capital Prospects* – Underweight financials and IT; Stock selection in financials
- *LSV* – Value style unfavorable; Weak relative performance from France and Japan
- *Dodge & Cox Fixed* – Declining interest rates on long end of yield curve; Overweight to Corporates and Agency MBS
- *PIMCO* – Declining interest rates on long end of yield curve; TIPS and emerging market debt performance

### *Manager 5-Year Cumulative Value Added*

Cumulatively, over the past 5 years, all active fixed income and equity managers have added value relative to the passive investment except *Dodge & Cox Equity* and *Legato Capital*. Over this period, active management has added approximately \$40 million in value relative to the passive investment.

### *Fee Summary*

Quarter over quarter, managerial fees remained relatively unchanged. Custodial fees, however, showed a considerable decrease from the prior quarter due mainly to transitional costs that were included as part of the prior quarter's fees.

Over the long-term, managerial fees are currently exhibiting a slight trend downward. Most certainly this is transitory and is mainly a function of changes in fee structures with certain managers. Because of this reason, the current downward trend cannot be expected to persist and in fact, should be expected to be highly variable in the future. Likewise, custodial fees are

starting to show a downward trend. However, unlike managerial fees, this trend should persist and is a function of the recent change in custodial banks.

Overall, total fees for active equity and fixed income portfolios represent approximately 28.0 and 33.8 basis points of the total portfolio for the prior quarter and recent 4-year period, respectively.

#### *Cash Flow Report*

The quarterly cash flow report is self-explanatory. For this quarter, staff has also included an annual report detailing cash flows that occurred during the entire past calendar year (2014). Using the cash flow report for the past year, it is easy to see that StanCERA's structural shortfall for 2014 was approximately \$34 million ("Sales of Investments"). Calculating the structural shortfall allows one to determine whether the current level of contributions to the System is adequate.

Since the structural shortfall represents about 1.9% of the average 2014 total portfolio value, the portfolio can be expected to grow by about **5.9%** per year relative to the discount rate (7.75%). Since StanCERA's average growth rate in its liabilities has been around **5.3%** per year over the past 8 years, it appears that contribution rates are adequate at this point in time.

- 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



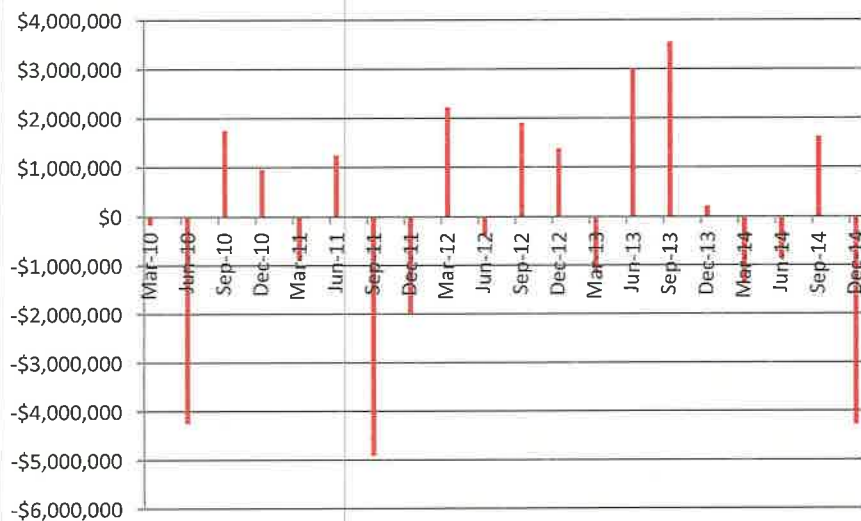
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Kathy Herman, Fiscal Services Manager

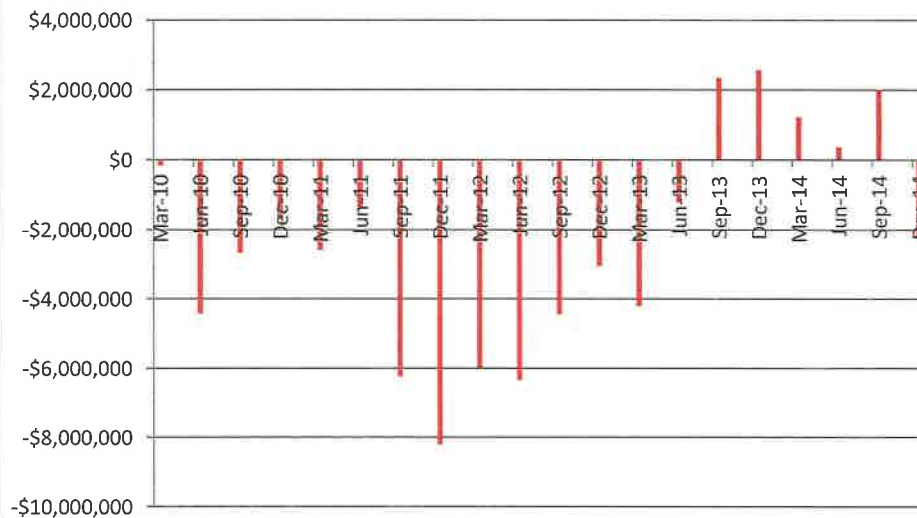
## DODGE & COX - LARGE CAP VALUE Quarterly Value Added

Quarter	Begin Date	End Date	Alpha	Fees		Value Added
				Managerial	Custodial	
1	12/31/2009	3/31/2010	-\$57,048	\$92,709	\$4,312	-\$154,069
2	3/31/2010	6/30/2010	-\$4,161,579	\$74,563	\$4,009	-\$4,240,151
3	6/30/2010	9/30/2010	\$1,841,032	\$79,904	\$3,653	\$1,757,475
4	9/30/2010	12/31/2010	\$1,043,825	\$86,729	\$3,997	\$953,099
5	12/31/2010	3/31/2011	-\$785,178	\$90,267	\$4,388	-\$879,833
6	3/31/2011	6/30/2011	\$1,340,497	\$88,927	\$4,499	\$1,247,071
7	6/30/2011	9/30/2011	-\$4,824,229	\$72,824	\$3,136	-\$4,900,189
8	9/30/2011	12/31/2011	-\$1,888,926	\$75,694	\$2,344	-\$1,966,964
9	12/31/2011	3/31/2012	\$2,303,140	\$68,984	\$1,476	\$2,232,680
10	3/31/2012	6/30/2012	-\$301,101	\$67,711	\$2,236	-\$371,048
11	6/30/2012	9/30/2012	\$1,983,489	\$71,825	\$1,072	\$1,910,592
12	9/30/2012	12/31/2012	\$1,467,208	\$73,225	\$2,092	\$1,391,891
13	12/31/2012	3/31/2013	-\$1,072,291	\$79,186	\$4,665	-\$1,156,142
14	3/31/2013	6/30/2013	\$3,074,425	\$80,061	\$6,119	\$2,988,245
15	6/30/2013	9/30/2013	\$3,641,556	\$81,796	\$6,026	\$3,553,733
16	9/30/2013	12/31/2013	\$313,275	\$87,811	\$5,815	\$219,650
17	12/31/2013	3/31/2014	-\$1,247,256	\$88,200	\$5,993	-\$1,341,450
18	3/31/2014	6/30/2014	-\$759,263	\$88,840	\$6,566	-\$854,669
19	6/30/2014	9/30/2014	\$1,730,824	\$89,424	\$4,980	\$1,636,420
20	9/30/2014	12/31/2014	-\$4,165,855	\$90,706	\$3,743	-\$4,260,303

### DODGE & COX - LARGE CAP VALUE Quarterly Value Added



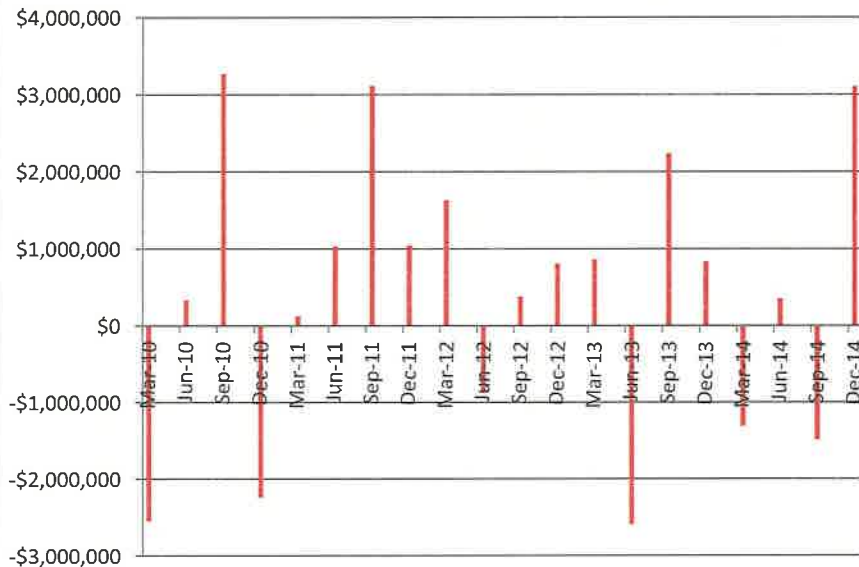
### DODGE & COX - LARGE CAP VALUE Quarterly Cumulative Value Added



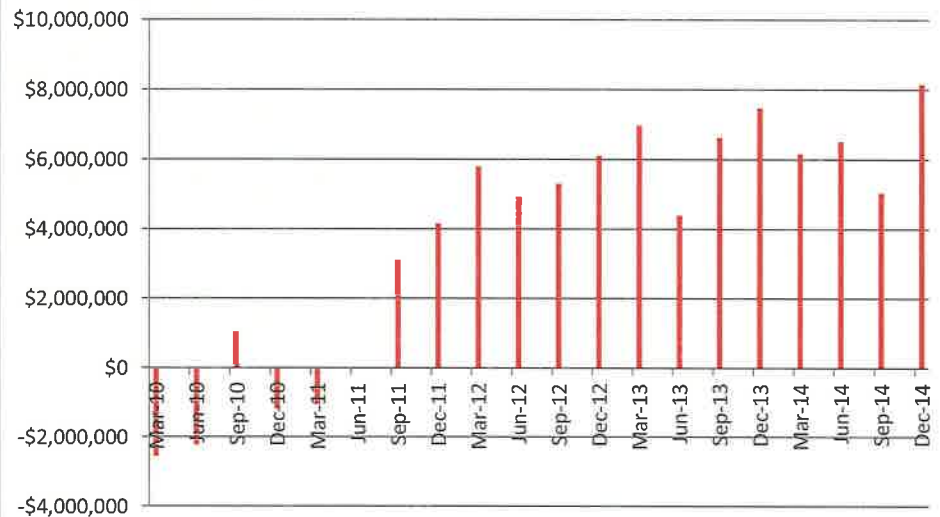
## Jackson Square Quarterly Value Added

Quarter	Begin Date	End Date	Alpha	Fees		Value Added
				Managerial	Custodial	
1	12/31/2009	3/31/2010	-\$2,395,031	\$144,649	\$2,754	<b>-\$2,542,434</b>
2	3/31/2010	6/30/2010	\$442,133	\$106,047	\$2,162	<b>\$333,923</b>
3	6/30/2010	9/30/2010	\$3,378,675	\$101,839	\$1,869	<b>\$3,274,967</b>
4	9/30/2010	12/31/2010	-\$2,113,459	\$115,269	\$2,140	<b>-\$2,230,869</b>
5	12/31/2010	3/31/2011	\$253,486	\$125,411	\$2,342	<b>\$125,734</b>
6	3/31/2011	6/30/2011	\$1,170,665	\$129,638	\$2,425	<b>\$1,038,603</b>
7	6/30/2011	9/30/2011	\$3,241,561	\$123,443	\$1,098	<b>\$3,117,020</b>
8	9/30/2011	12/31/2011	\$1,180,312	\$127,986	\$1,178	<b>\$1,051,148</b>
9	12/31/2011	3/31/2012	\$1,778,217	\$141,840	\$1,694	<b>\$1,634,683</b>
10	3/31/2012	6/30/2012	-\$723,810	\$142,009	\$1,954	<b>-\$867,773</b>
11	6/30/2012	9/30/2012	\$528,838	\$145,968	\$1,824	<b>\$381,046</b>
12	9/30/2012	12/31/2012	\$957,854	\$147,904	\$2,026	<b>\$807,924</b>
13	12/31/2012	3/31/2013	\$1,030,783	\$159,111	\$4,988	<b>\$866,684</b>
14	3/31/2013	6/30/2013	-\$2,421,912	\$156,738	\$4,430	<b>-\$2,583,080</b>
15	6/30/2013	9/30/2013	\$2,406,424	\$160,682	\$4,282	<b>\$2,241,460</b>
16	9/30/2013	12/31/2013	\$1,015,086	\$173,996	\$4,333	<b>\$836,758</b>
17	12/31/2013	3/31/2014	-\$1,120,390	\$177,076	\$4,840	<b>-\$1,302,306</b>
18	3/31/2014	6/30/2014	\$543,382	\$182,171	\$6,204	<b>\$355,007</b>
19	6/30/2014	9/30/2014	-\$1,282,465	\$187,760	\$5,505	<b>-\$1,475,730</b>
20	9/30/2014	12/31/2014	\$3,316,966	\$198,409	\$3,686	<b>\$3,114,870</b>

### Jackson Square Quarterly Value Added



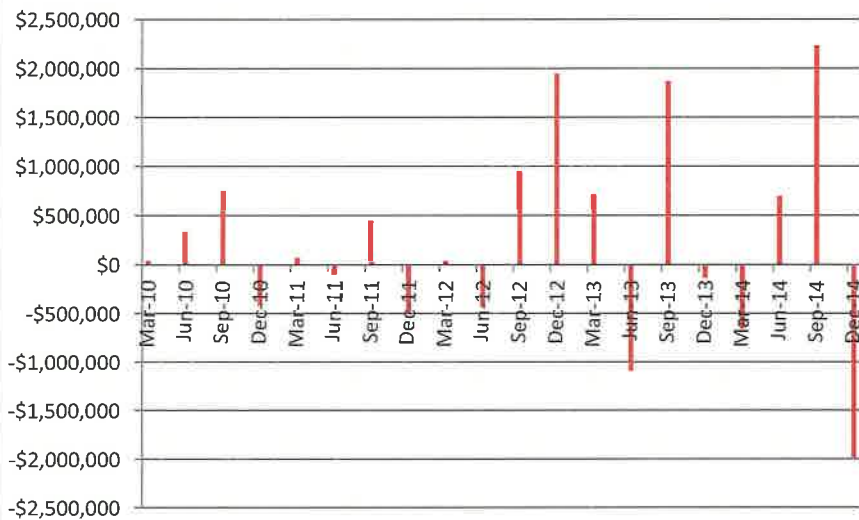
### Jackson Square Quarterly Cumulative Value Added



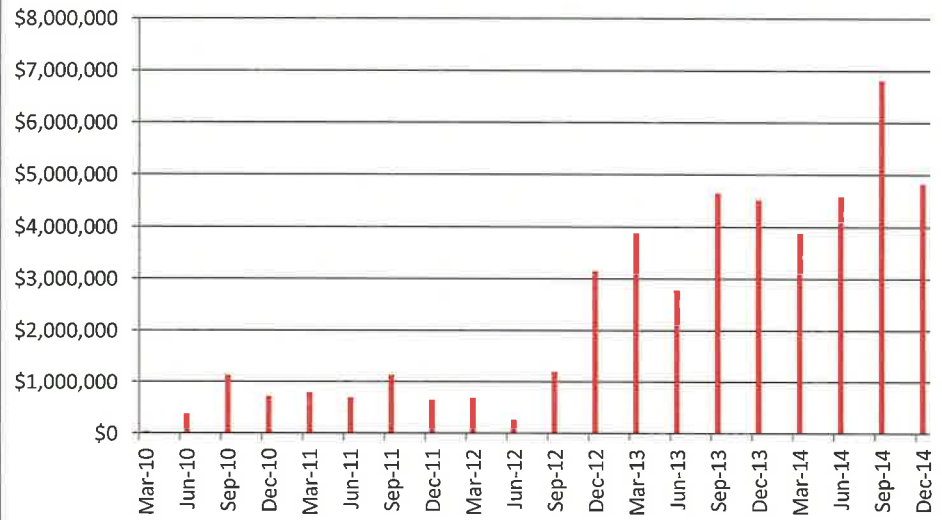
## CAPITAL PROSPECTS Quarterly Value Added

Quarter	Begin Date	End Date	Alpha	Fees			Value Added
				Managerial	Custodial		
1	12/31/2009	3/31/2010	\$172,742	\$123,719	\$6,289		<b>\$42,735</b>
2	3/31/2010	6/30/2010	\$469,514	\$120,854	\$6,261		<b>\$342,399</b>
3	6/30/2010	9/30/2010	\$873,418	\$113,604	\$5,806		<b>\$754,009</b>
4	9/30/2010	12/31/2010	-\$279,802	\$127,372	\$6,457		<b>-\$413,631</b>
5	12/31/2010	3/31/2011	\$218,674	\$139,484	\$7,171		<b>\$72,018</b>
6	3/31/2011	6/30/2011	\$44,992	\$136,107	\$7,292		<b>-\$98,407</b>
7	6/30/2011	9/30/2011	\$557,229	\$105,623	\$5,628		<b>\$445,978</b>
8	9/30/2011	12/31/2011	-\$378,530	\$108,585	\$4,888		<b>-\$492,003</b>
9	12/31/2011	3/31/2012	\$163,761	\$119,481	\$5,222		<b>\$39,057</b>
10	3/31/2012	6/30/2012	-\$301,042	\$117,427	\$5,636		<b>-\$424,106</b>
11	6/30/2012	9/30/2012	\$1,072,679	\$122,499	\$5,054		<b>\$945,126</b>
12	9/30/2012	12/31/2012	\$2,086,673	\$131,297	\$5,086		<b>\$1,950,290</b>
13	12/31/2012	3/31/2013	\$868,837	\$147,222	\$7,282		<b>\$714,334</b>
14	3/31/2013	6/30/2013	-\$924,866	\$154,313	\$7,805		<b>-\$1,086,983</b>
15	6/30/2013	9/30/2013	\$2,047,762	\$165,329	\$9,476		<b>\$1,872,957</b>
16	9/30/2013	12/31/2013	\$56,814	\$174,451	\$13,162		<b>-\$130,799</b>
17	12/31/2013	3/31/2014	-\$461,309	\$177,806	\$10,791		<b>-\$649,906</b>
18	3/31/2014	6/30/2014	\$893,341	\$178,020	\$8,773		<b>\$706,548</b>
19	6/30/2014	9/30/2014	\$2,429,920	\$176,546	\$15,919		<b>\$2,237,454</b>
20	9/30/2014	12/31/2014	-\$1,790,045	\$182,558	\$10,087		<b>-\$1,982,690</b>

### CAPITAL PROSPECTS Quarterly Value Added



### CAPITAL PROSPECTS Quarterly Cumulative Value Added

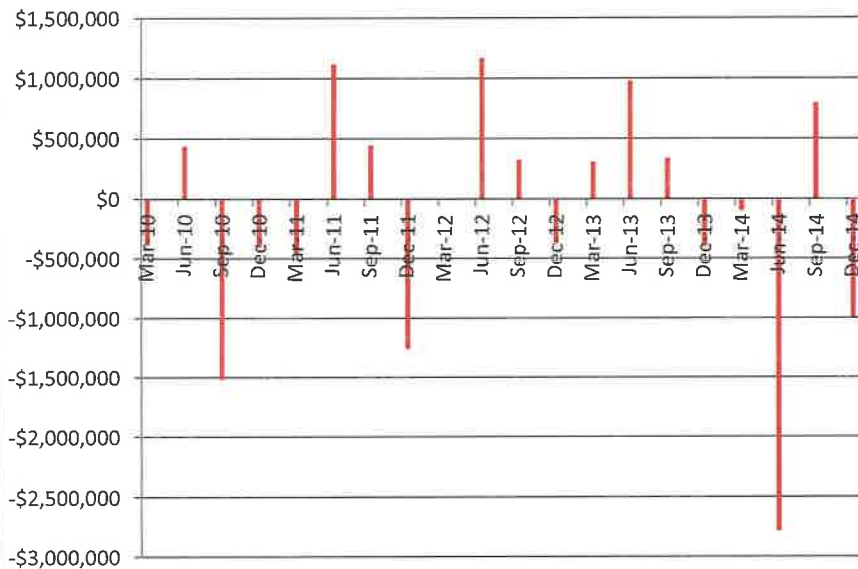




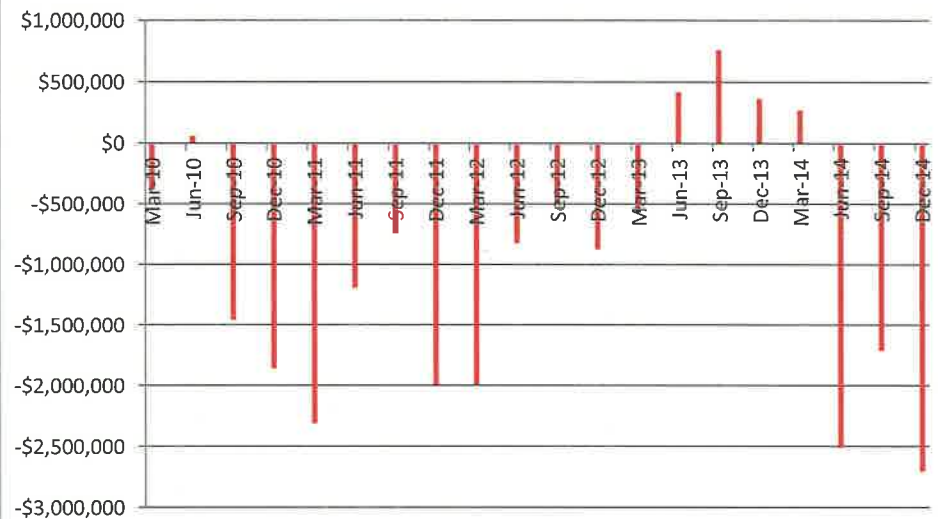
## Legato Capital Quarterly Value Added

Quarter	Begin Date	End Date	Fees			Value Added
			Alpha	Managerial	Custodial	
1	12/31/2009	3/31/2010	-\$246,517	\$116,353	\$17,238	<b>-\$380,108</b>
2	3/31/2010	6/30/2010	\$579,733	\$120,704	\$18,097	<b>\$440,932</b>
3	6/30/2010	9/30/2010	-\$1,377,562	\$117,787	\$17,211	<b>-\$1,512,560</b>
4	9/30/2010	12/31/2010	-\$246,064	\$137,368	\$19,740	<b>-\$403,172</b>
5	12/31/2010	3/31/2011	-\$280,084	\$151,931	\$22,252	<b>-\$454,267</b>
6	3/31/2011	6/30/2011	\$1,299,087	\$154,501	\$23,323	<b>\$1,121,263</b>
7	6/30/2011	9/30/2011	\$582,439	\$117,446	\$18,692	<b>\$446,301</b>
8	9/30/2011	12/31/2011	-\$1,117,167	\$119,430	\$16,508	<b>-\$1,253,105</b>
9	12/31/2011	3/31/2012	\$159,474	\$130,946	\$22,688	<b>\$5,841</b>
10	3/31/2012	6/30/2012	\$1,322,961	\$131,021	\$22,120	<b>\$1,169,820</b>
11	6/30/2012	9/30/2012	\$479,877	\$135,442	\$19,914	<b>\$324,521</b>
12	9/30/2012	12/31/2012	-\$213,207	\$138,254	\$21,088	<b>-\$372,549</b>
13	12/31/2012	3/31/2013	\$485,352	\$153,975	\$21,977	<b>\$309,400</b>
14	3/31/2013	6/30/2013	\$1,167,286	\$164,612	\$21,657	<b>\$981,017</b>
15	6/30/2013	9/30/2013	\$546,533	\$183,840	\$23,292	<b>\$339,402</b>
16	9/30/2013	12/31/2013	-\$169,512	\$198,693	\$27,808	<b>-\$396,013</b>
17	12/31/2013	3/31/2014	\$135,426	\$202,405	\$25,425	<b>-\$92,404</b>
18	3/31/2014	6/30/2014	-\$2,565,323	\$188,539	\$25,578	<b>-\$2,779,440</b>
19	6/30/2014	9/30/2014	\$1,004,243	\$187,811	\$18,072	<b>\$798,360</b>
20	9/30/2014	12/31/2014	-\$763,420	\$199,515	\$28,645	<b>-\$991,580</b>

### Legato Capital Quarterly Value Added



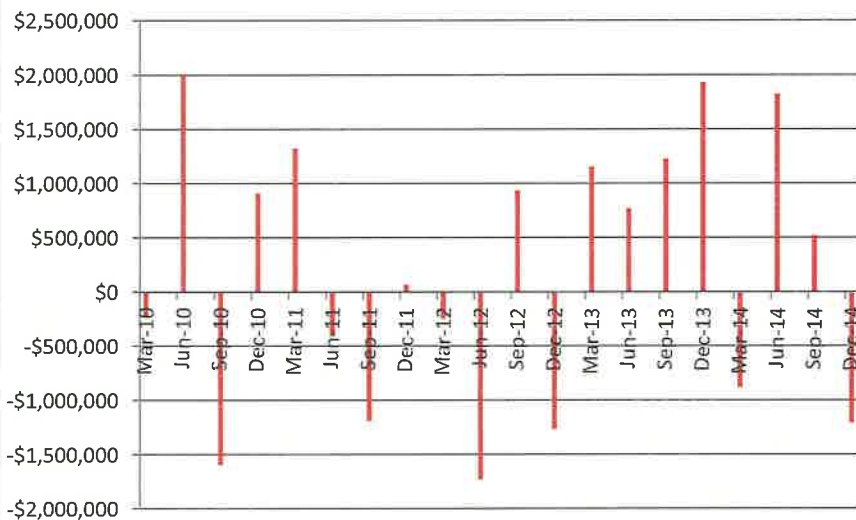
### Legato Capital Quarterly Cumulative Value Added



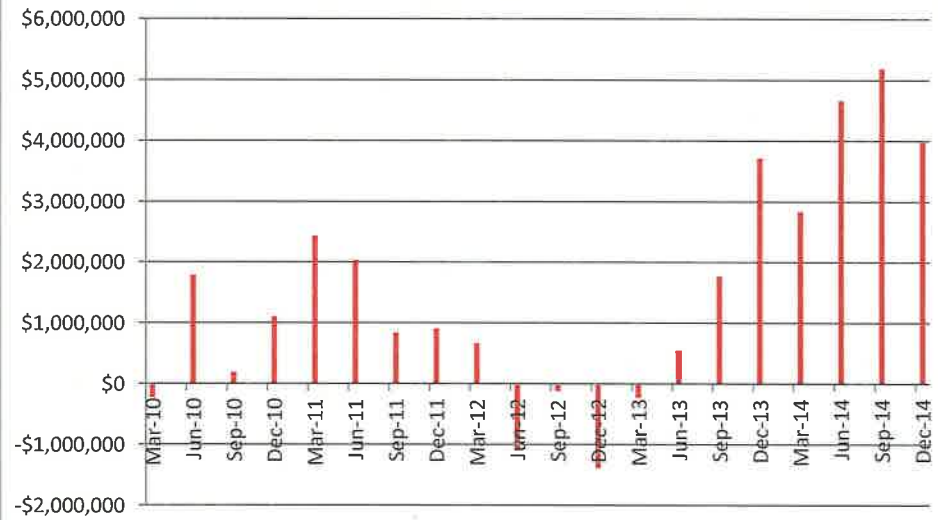
## LSV ASSET MGMT Quarterly Value Added

Quarter	Begin Date	End Date	Alpha	Fees		Value Added
				Managerial	Custodial	
1	12/31/2009	3/31/2010	\$12,530	\$197,281	\$31,000	<b>-\$215,751</b>
2	3/31/2010	6/30/2010	\$2,217,667	\$175,374	\$28,763	<b>\$2,013,530</b>
3	6/30/2010	9/30/2010	-\$1,372,452	\$193,603	\$28,530	<b>-\$1,594,585</b>
4	9/30/2010	12/31/2010	\$1,147,771	\$204,620	\$31,330	<b>\$911,821</b>
5	12/31/2010	3/31/2011	\$1,566,189	\$206,820	\$33,859	<b>\$1,325,510</b>
6	3/31/2011	6/30/2011	-\$164,056	\$205,220	\$34,467	<b>-\$403,742</b>
7	6/30/2011	9/30/2011	-\$1,004,436	\$163,726	\$19,932	<b>-\$1,188,094</b>
8	9/30/2011	12/31/2011	\$251,061	\$168,642	\$15,576	<b>\$66,843</b>
9	12/31/2011	3/31/2012	-\$33,570	\$180,121	\$26,254	<b>-\$239,945</b>
10	3/31/2012	6/30/2012	-\$1,538,936	\$168,468	\$21,326	<b>-\$1,728,730</b>
11	6/30/2012	9/30/2012	\$1,147,740	\$181,141	\$26,629	<b>\$939,969</b>
12	9/30/2012	12/31/2012	-\$1,051,237	\$189,009	\$23,035	<b>-\$1,263,282</b>
13	12/31/2012	3/31/2013	\$1,391,454	\$191,543	\$43,031	<b>\$1,156,880</b>
14	3/31/2013	6/30/2013	\$1,004,560	\$190,029	\$39,759	<b>\$774,771</b>
15	6/30/2013	9/30/2013	\$1,475,950	\$208,847	\$38,465	<b>\$1,228,639</b>
16	9/30/2013	12/31/2013	\$2,200,502	\$219,252	\$42,595	<b>\$1,938,655</b>
17	12/31/2013	3/31/2014	-\$732,010	\$95,219	\$49,656	<b>-\$876,885</b>
18	3/31/2014	6/30/2014	\$2,076,245	\$207,872	\$39,729	<b>\$1,828,645</b>
19	6/30/2014	9/30/2014	\$653,260	\$97,872	\$31,469	<b>\$523,919</b>
20	9/30/2014	12/31/2014	-\$1,091,117	\$93,420	\$18,291	<b>-\$1,202,827</b>

### LSV ASSET MGMT Quarterly Value Added



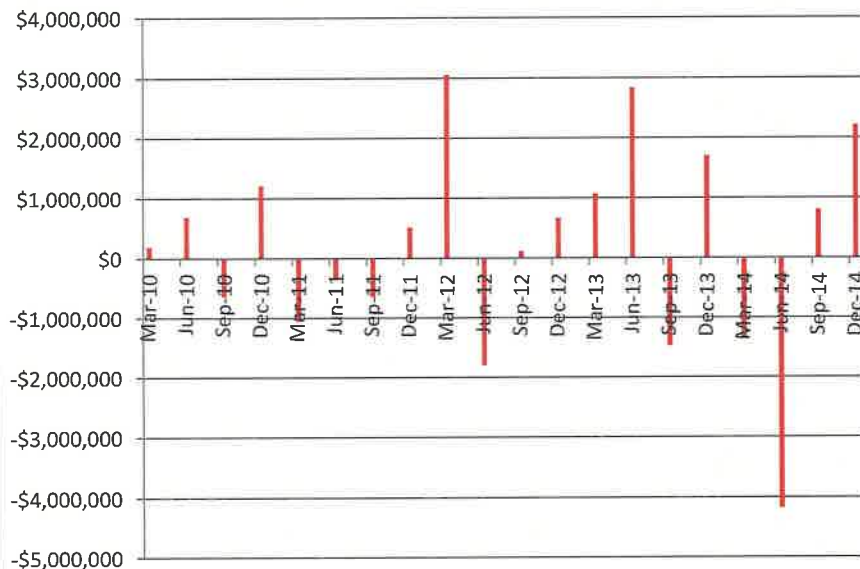
### LSV ASSET MGMT Quarterly Cumulative Value Added



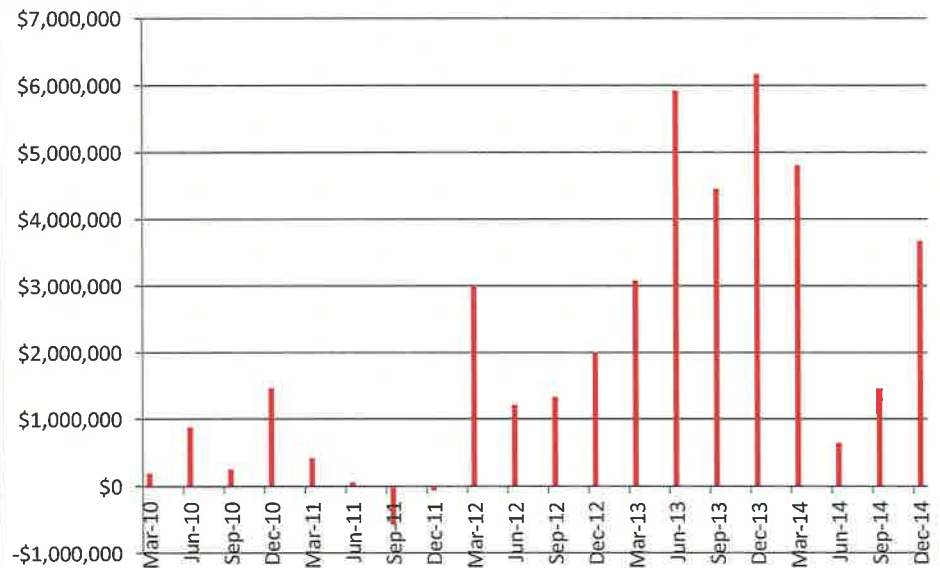
## Pyramis Quarterly Value Added

Quarter	Begin Date	End Date	Fees			Value Added
			Alpha	Managerial	Custodial	
1	12/31/2009	3/31/2010	\$439,347	\$157,772	\$86,437	\$195,138
2	3/31/2010	6/30/2010	\$934,572	\$154,446	\$86,232	\$693,894
3	6/30/2010	9/30/2010	-\$387,602	\$159,074	\$86,739	-\$633,414
4	9/30/2010	12/31/2010	\$1,481,008	\$168,380	\$96,144	\$1,216,484
5	12/31/2010	3/31/2011	-\$772,440	\$174,287	\$101,681	-\$1,048,408
6	3/31/2011	6/30/2011	-\$81,072	\$173,911	\$103,461	-\$358,445
7	6/30/2011	9/30/2011	-\$383,265	\$153,665	\$98,953	-\$635,883
8	9/30/2011	12/31/2011	\$749,781	\$148,898	\$86,186	\$514,697
9	12/31/2011	3/31/2012	\$3,315,164	\$155,807	\$101,988	\$3,057,369
10	3/31/2012	6/30/2012	-\$1,542,684	\$151,167	\$89,339	-\$1,783,190
11	6/30/2012	9/30/2012	\$367,768	\$154,539	\$92,086	\$121,143
12	9/30/2012	12/31/2012	\$937,742	\$160,345	\$107,241	\$670,156
13	12/31/2012	3/31/2013	\$1,346,178	\$167,103	\$102,864	\$1,076,211
14	3/31/2013	6/30/2013	\$3,098,710	\$169,551	\$87,738	\$2,841,421
15	6/30/2013	9/30/2013	-\$1,227,803	\$171,817	\$63,218	-\$1,462,838
16	9/30/2013	12/31/2013	\$1,939,479	\$181,175	\$50,982	\$1,707,322
17	12/31/2013	3/31/2014	-\$1,113,822	\$179,698	\$65,276	-\$1,358,796
18	3/31/2014	6/30/2014	-\$3,920,672	\$184,067	\$60,323	-\$4,165,062
19	6/30/2014	9/30/2014	\$1,021,665	\$183,040	\$28,803	\$809,822
20	9/30/2014	12/31/2014	\$2,416,942	\$178,024	\$17,250	\$2,221,668

Pyramis Quarterly Value Added



Pyramis Quarterly Cumulative Value Added

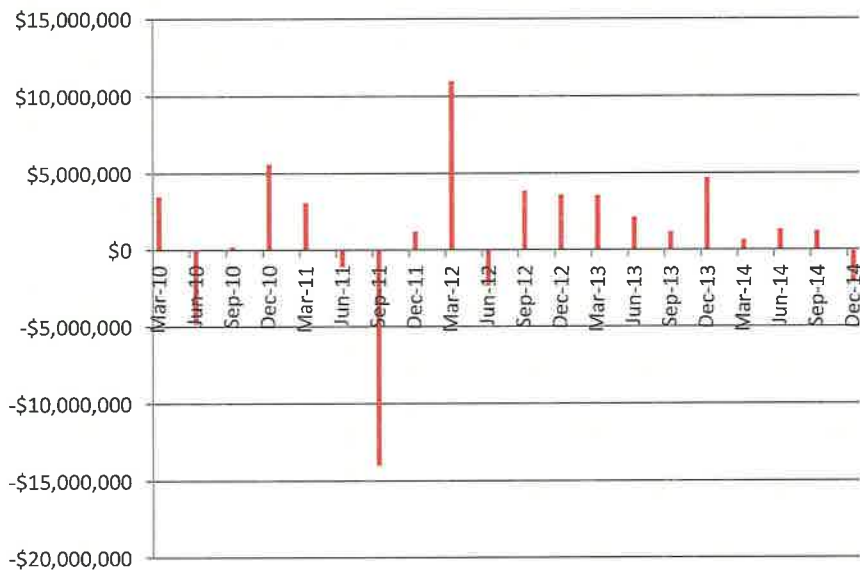




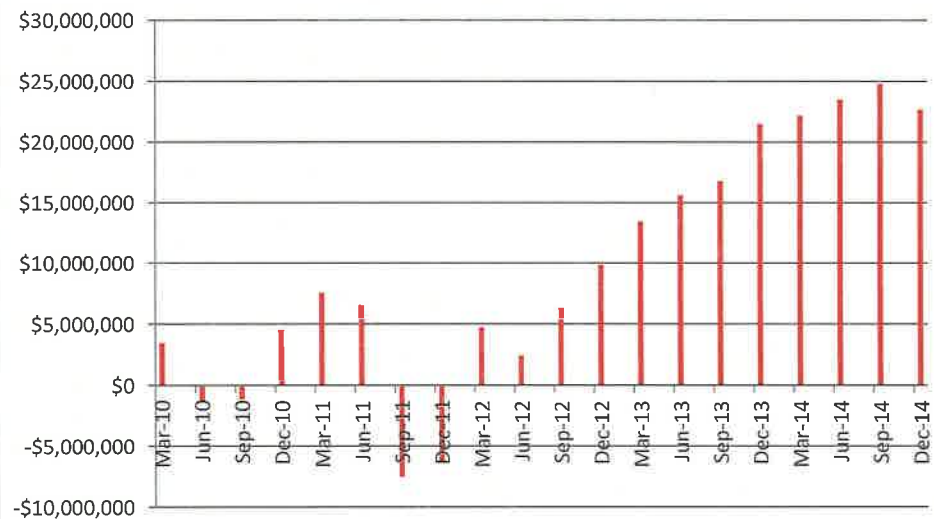
## DODGE & COX FI Quarterly Value Added

Quarter	Begin Date	End Date	Alpha	Fees		Value Added
				Managerial	Custodial	
1	12/31/2009	3/31/2010	\$3,610,418	\$96,543	\$4,719	<b>\$3,509,156</b>
2	3/31/2010	6/30/2010	-\$4,695,333	\$98,358	\$4,807	<b>-\$4,798,498</b>
3	6/30/2010	9/30/2010	\$304,813	\$100,758	\$4,940	<b>\$199,115</b>
4	9/30/2010	12/31/2010	\$5,724,549	\$100,934	\$5,014	<b>\$5,618,601</b>
5	12/31/2010	3/31/2011	\$3,197,808	\$102,236	\$5,036	<b>\$3,090,536</b>
6	3/31/2011	6/30/2011	-\$969,737	\$107,254	\$5,260	<b>-\$1,082,251</b>
7	6/30/2011	9/30/2011	-\$13,865,344	\$116,701	\$1,899	<b>-\$13,983,943</b>
8	9/30/2011	12/31/2011	\$1,326,142	\$115,860	\$1,433	<b>\$1,208,849</b>
9	12/31/2011	3/31/2012	\$11,121,304	\$113,310	\$1,364	<b>\$11,006,630</b>
10	3/31/2012	6/30/2012	-\$2,191,044	\$113,009	\$1,363	<b>-\$2,305,417</b>
11	6/30/2012	9/30/2012	\$3,967,160	\$113,951	\$1,395	<b>\$3,851,813</b>
12	9/30/2012	12/31/2012	\$3,730,794	\$113,934	\$1,355	<b>\$3,615,505</b>
13	12/31/2012	3/31/2013	\$3,702,213	\$114,526	\$11,741	<b>\$3,575,946</b>
14	3/31/2013	6/30/2013	\$2,279,219	\$110,496	\$11,520	<b>\$2,157,204</b>
15	6/30/2013	9/30/2013	\$1,298,298	\$108,799	\$11,616	<b>\$1,177,882</b>
16	9/30/2013	12/31/2013	\$4,842,996	\$106,646	\$11,529	<b>\$4,724,821</b>
17	12/31/2013	3/31/2014	\$789,086	\$106,850	\$12,264	<b>\$669,972</b>
18	3/31/2014	6/30/2014	\$1,467,846	\$107,964	\$12,280	<b>\$1,347,602</b>
19	6/30/2014	9/30/2014	\$1,367,551	\$106,193	\$8,055	<b>\$1,253,304</b>
20	9/30/2014	12/31/2014	-\$1,979,397	\$105,034	\$5,187	<b>-\$2,089,618</b>

### DODGE & COX FI Quarterly Value Added



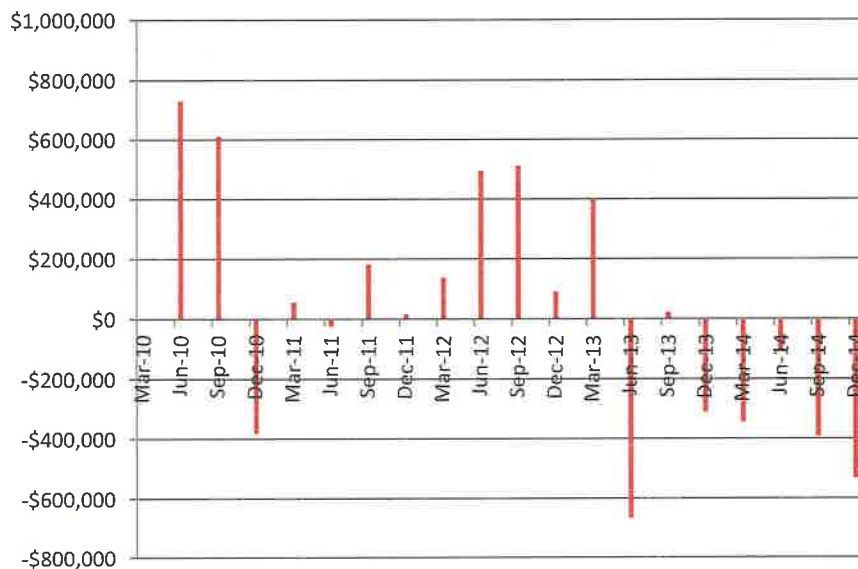
### DODGE & COX FI Quarterly Cumulative Value Added



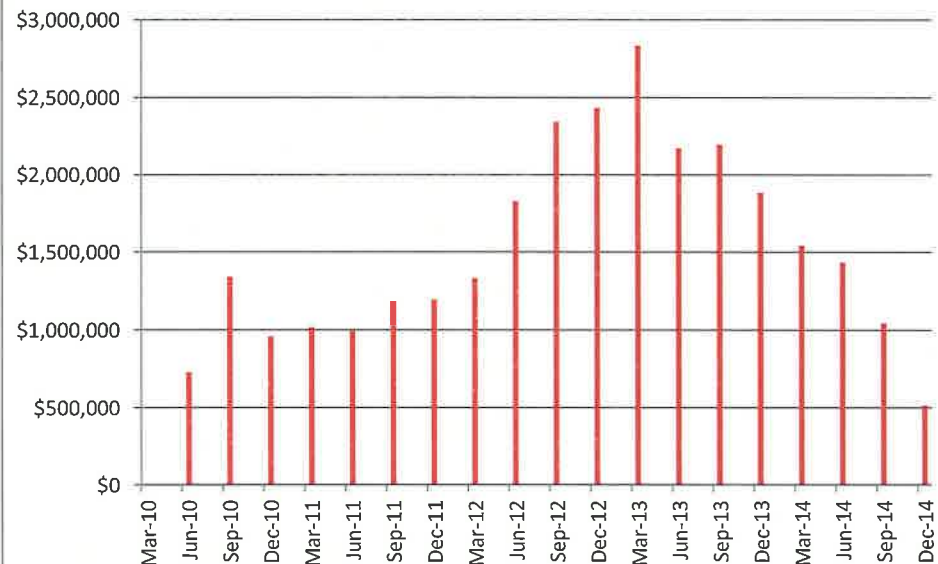
## PIMCO Quarterly Value Added

Quarter	Begin Date	End Date	Fees			Value Added
			Alpha	Managerial	Custodial	
1	12/31/2009	3/31/2010	\$0	\$0	\$0	\$0
2	3/31/2010	6/30/2010	\$780,844	\$46,533	\$2,719	\$731,591
3	6/30/2010	9/30/2010	\$689,748	\$73,608	\$4,686	\$611,454
4	9/30/2010	12/31/2010	-\$302,620	\$72,769	\$4,742	-\$380,131
5	12/31/2010	3/31/2011	\$134,401	\$73,072	\$4,688	\$56,641
6	3/31/2011	6/30/2011	\$56,698	\$74,250	\$4,779	-\$22,331
7	6/30/2011	9/30/2011	\$263,605	\$76,362	\$4,339	\$182,904
8	9/30/2011	12/31/2011	\$100,614	\$79,352	\$4,814	\$16,448
9	12/31/2011	3/31/2012	\$233,707	\$89,913	\$5,312	\$138,482
10	3/31/2012	6/30/2012	\$592,931	\$91,631	\$4,314	\$496,986
11	6/30/2012	9/30/2012	\$610,260	\$93,044	\$4,589	\$512,627
12	9/30/2012	12/31/2012	\$190,266	\$93,384	\$4,741	\$92,141
13	12/31/2012	3/31/2013	\$502,849	\$93,617	\$8,030	\$401,202
14	3/31/2013	6/30/2013	-\$564,526	\$91,614	\$8,540	-\$664,680
15	6/30/2013	9/30/2013	\$121,688	\$89,248	\$9,381	\$23,058
16	9/30/2013	12/31/2013	-\$212,034	\$89,017	\$8,072	-\$309,124
17	12/31/2013	3/31/2014	-\$243,594	\$90,077	\$8,159	-\$341,830
18	3/31/2014	6/30/2014	-\$8,476	\$91,410	\$7,769	-\$107,655
19	6/30/2014	9/30/2014	-\$293,684	\$91,348	\$3,950	-\$388,982
20	9/30/2014	12/31/2014	-\$435,352	\$92,321	\$2,263	-\$529,936

### PIMCO Quarterly Value Added



### PIMCO Quarterly Cumulative Value Added



## Total Fee Summary

**9/30/2014                      Through                      12/31/2014**

Manager	Average Dollars Managed	Managerial Fees		Custodial Fees		Total Fees	
		Total	Annualized Basis Points	Total	Annualized Basis Points	Total	Annualized Basis Points
DODGE & COX - LARGE CAP VALUE	190,996,942	90,706	19.0	3,743	0.8	94,449	19.8
MAZAMA - SMALL CAP GROWTH	-	-	0.0	-	0.0	-	0.0
* Terminated 12/2008							
DELAWARE - LARGE CAP GROWTH	165,193,433	198,409	48.0	3,686	0.9	202,095	48.9
LOOMIS SAYLES - LARGE CAP GROWTH	-	-	0.0	-	0.0	-	0.0
* Terminated 6/2010							
Capital Prospects - By Manager							
Bernzott	13,630,992	25,558		1,374		26,932	
Channing	22,588,501	42,353		2,277		44,631	
InView	21,225,402	39,798		2,140		41,937	
Keeley	12,559,985	23,550		1,266		24,816	
Ten/Pacific Ridge	13,241,535	24,828		1,335		26,163	
Walthausen	14,117,813	26,471		1,423		27,894	
CAPITAL PROSPECTS	97,364,228	182,558	75.0	9,815	4.0	192,373	79.0
Legato - By Manager							
CastleArk	14,633,940	32,920		1,889		34,809	
Lee Munder/Crosswinds	19,068,468	42,896		2,462		45,357	
Eudaimonia	12,416,677	27,932		1,603		29,535	
Riverbridge	21,285,731	47,884		2,748		50,632	
Stephens	21,285,731	47,884		2,748		50,632	
LEGATO CAPITAL	88,690,548	199,515	90.0	11,449	5.2	210,965	95.1
LSV ASSET MGMT	152,025,321	93,420	24.6	18,291	4.8	111,711	29.4
PYRAMIS	155,606,042	178,024	45.8	17,250	4.4	195,274	50.2
DODGE & COX FI	386,985,692	105,034	10.9	5,187	0.5	110,221	11.4
PIMCO	109,966,500	92,321	33.6	2,263	0.8	94,584	34.4
* Inception Date 5/2010							
INVESCO	-	-	0.0	-	0.0	-	0.0
* Terminated 9/2012							
RAFI**	-	-	0.0	-	0.0	-	0.0
* Terminated 6/2012							
STRATEGIC INVESTMENT SOLUTIONS	1,790,392,528	42,500	0.9	N/A	N/A	42,500	0.9
TOTAL	1,790,392,528	1,182,487	26.4	71,685	1.6	1,254,171	28.0

\*\* RAFI fees are taken from the actual portfolio

## Total Fee Summary

	12/31/2010	Through	12/31/2014				
		Managerial Fees		Custodial Fees		Total Fees	
Manager	Average Dollars Managed	Total	Annualized Basis Points	Total	Annualized Basis Points	Total	Annualized Basis Points
DODGE & COX - LARGE CAP VALUE	163,585,381	1,295,482	19.8	65,151	1.0	1,360,633	20.8
MAZAMA - SMALL CAP GROWTH	-	-	0.0	-	0.0	-	0.0
* Terminated 12/2008							
DELAWARE - LARGE CAP GROWTH	125,038,439	2,480,143	49.6	52,807	1.1	2,532,950	50.6
LOOMIS SAYLES - LARGE CAP GROWTH	-	-	0.0	-	0.0	-	0.0
* Terminated 6/2010							
Capital Prospects - By Manager							
Bernzott	10,573,035	327,145		18,060		345,205	
Channing	17,521,029	542,126		29,928		572,054	
InView	16,463,725	509,411		28,122		537,534	
Keeley	9,742,296	301,441		16,641		318,082	
Ten/Pacific Ridge	10,270,948	317,798		17,544		335,342	
Walthausen	10,950,643	338,829		18,705		357,534	
CAPITAL PROSPECTS	75,521,676	2,336,750	77.4	129,001	4.3	2,465,751	81.6
Legato - By Manager							
CastleArk	11,432,770	422,129		56,404		478,534	
Lee Munder/Crosswinds	14,897,245	550,047		73,496		623,544	
Eudaimonia	9,700,532	358,170		47,858		406,029	
Riverbridge	16,629,483	614,007		82,042		696,049	
Stephens	16,629,483	614,007		82,042		696,049	
LEGATO CAPITAL	69,289,513	2,558,360	92.3	341,843	12.3	2,900,204	104.6
LSV ASSET MGMT	135,283,852	2,767,201	51.1	504,073	9.3	3,271,274	60.5
PYRAMIS	139,317,599	2,687,094	48.2	1,257,390	22.6	3,944,484	70.8
DODGE & COX FI	408,381,692	1,762,763	10.8	103,297	0.6	1,866,060	11.4
PIMCO	102,682,804	1,399,660	34.1	93,740	2.3	1,493,400	36.4
* Inception Date 5/2010							
INVESCO	18,963,796	227,215	68.5	42	0.0	227,258	68.5
* Terminated 9/2012							
RAFI**	-	-	0.0	-	0.0	-	0.0
* Terminated 6/2012							
STRATEGIC INVESTMENT SOLUTIONS	1,532,014,413	639,255	1.0	N/A	N/A	639,255	1.0
TOTAL	1,532,014,413	18,153,924	29.6	2,547,344	4.2	20,701,268	33.8

\*\* RAFI fees are taken from the actual portfolio

## Cash Flow Report

Oct 2014 through Dec 2014

Beginning Cash Balance	\$9,880,517
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### Cash Flow In

Sales of Investments	\$8,000,000
Plan Sponsor Contributions	\$14,317,596
Employee Contributions	\$5,999,398
Employee Buybacks	\$41,051
Interest Income	\$12,081
Rental Income	\$13,086
Commission Recapture	\$3,340
Litigation Recovery	<u>\$0</u>

Total Cash Flow In	\$28,386,550
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### Cash Flow Out

Retirement Benefits	\$24,316,614
StanCERA Payroll	\$301,150
Operations Expense	\$346,603
Pension Software	\$10,746
Fixed Asset Purchases	\$0
Employee Refunds	\$432,972
Post Retirement Death Benefits	\$110,295
Burial Allowances	\$45,000
Retiree Death - Return of Contributions	\$32,329
Investment Consultant Fees	\$42,500
Actuarial Fees	\$39,382
Custodial Fees	\$0
Investment Management Fees	\$1,175,133
Audit Fees	\$13,819
Legal Fees	<u>\$20,383</u>

Total Cash Flow Out	\$26,886,924
---------------------	--------------

Ending Cash Balance	\$11,380,144
---------------------	--------------

Change in Cash Balance	\$1,499,627
------------------------	-------------

## Cash Flow Report

Jan 2014 through Dec 2014

Beginning Cash Balance	\$10,951,769
------------------------	--------------

### Cash Flow In

Sales of Investments	\$34,000,000
Plan Sponsor Contributions	\$49,781,333
Employee Contributions	\$21,770,053
Employee Buybacks	\$352,039
Interest Income	\$58,449
Rental Income	\$52,343
Commission Recapture	\$12,993
Litigation Recovery	<u>\$103,735</u>

Total Cash Flow In	\$106,130,945
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### Cash Flow Out

Retirement Benefits	\$95,276,379
StanCERA Payroll	\$1,148,883
Operations Expense	\$1,121,272
Pension Software	\$32,238
Fixed Asset Purchases	\$0
Employee Refunds	\$1,776,041
Post Retirement Death Benefits	\$259,885
Burial Allowances	\$305,000
Retiree Death - Return of Contributions	\$57,206
Investment Consultant Fees	\$170,000
Actuarial Fees	\$136,959
Custodial Fees	\$432,300
Investment Management Fees	\$4,825,625
Audit Fees	\$55,678
Legal Fees	<u>\$85,106</u>

Total Cash Flow Out	\$105,682,570
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Ending Cash Balance	\$11,400,144
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Change in Cash Balance	\$448,374
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**STANISLAUS COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION**  
832 12<sup>th</sup> Street, Suite 600  
Modesto, CA 95354  
P.O. Box 3150 Modesto, CA 95353-3150

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

## **February 24, 2015, Retirement Board meeting**

TO: Retirement Board

FROM: Rick Santos, Executive Director

I. SUBJECT: Alternative Investment Report for Quarter Ending September 30, 2014

II. ITEM NUMBER: 8.b

III. ITEM TYPE: Information

IV. STAFF RECOMMENDATION: None

V. ANALYSIS:

Beginning this quarter, staff will be presenting the Board with a regular summary of income and expense activity and internal rates of return for our direct lending investments. As more data becomes available for our other alternative investments, staff may present similar such data on these as well.

The analyses for the direct lending investments shows income and expense and distribution and investment activity. The report also shows all cash flows for each investment and calculates an internal rate of return since inception and the implied quarterly rate of return.

Since StanCERA's direct lenders have up to 120 days to furnish some of this information, staff's reporting will always be delayed one quarter relative to our other quarterly reports.

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

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

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

## Alternative Investment Report for Quarter Ending September 30, 2014

### White Oak Income and Expense Activity

**9/30/2014**

Distributions	-\$10,587,347
Offering Costs	<u>\$0</u>
Net Distribution Activity	-\$10,587,347
Interest Income	\$2,531,703
Undistributed Income Charge	\$0
Dividend Income	\$0
Other Income	\$0
Management Fees	-\$1,219,452
Partnership Operations	\$0
Professional Fees	\$0
Organizational Expense	\$0
Other Expenses	-\$127,178
Service Fees	\$0
Realized Gain/(Loss)	\$146,749
Unrealized Gain/(Loss)	<u>\$241,866</u>
Net Investment Income/(Loss)	\$1,573,687
Gross Capital Calls as of qtr end	\$29,538,988
Net Distribution Activity	-\$10,587,347
Net Investment Activity	<u>\$1,573,687</u>
Capital Balance as of qtr end	\$20,525,328

### 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
Asset Value September 30, 2014	\$20,525,328
Internal Rate of Return June 30, 2014	9.36%
Quarter 3 2014 Return	-0.40%
Internal Rate of Return September 30, 2014	8.92%



## Alternative Investment Report for Quarter Ending September 30, 2014

### Medley Capital Income and Expense Activity

**9/30/2014**

Distributions	-\$4,542,778
Offering Costs	<u>\$0</u>
Net Distribution Activity	-\$4,542,778
Interest Income	\$6,043,467
Undistributed Income Charge	-\$2,974,156
Dividend Income	\$0
Other Income	\$0
Management Fees	-\$1,317,262
Partnership Operations	-\$96,478
Professional Fees	\$0
Organizational Expense	\$0
Other Expenses	-\$252,518
Service Fees	\$0
Realized Gain/(Loss)	\$71,530
Unrealized Gain/(Loss)	<u>-\$281,073</u>
Net Investment Income/(Loss)	\$1,193,510
Gross Capital Calls as of qtr end	\$32,762,823
Net Distribution Activity	-\$4,542,778
Net Investment Activity	<u>\$1,193,510</u>
Capital Balance as of qtr end	\$29,413,555

### Medley Capital Cash Flow Activity Since Inception

<u>Date</u>	<u>Cash Flow</u>
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
Asset Value September 30, 2014	\$29,413,555
Internal Rate of Return June 30, 2014	2.57%
Quarter 3 2014 Return	1.13%
Internal Rate of Return September 30, 2014	3.73%

## Alternative Investment Report for Quarter Ending September 30, 2014

### Raven Capital Income and Expense Activity

**9/30/2014**

Distributions	-\$5,597,641
Pre-Funding Distribution	\$650,487
Offering Costs	<u>-\$22,211</u>
Net Distribution Activity	-\$4,969,365
Interest Income	\$3,199,002
Undistributed Income Charge	-\$813,029
Dividend Income	\$1,087,281
Other Income	\$303,137
Management Fees	-\$1,630,165
Partnership Operations	\$0
Professional Fees	
Organizational Expense	
Other Expenses	-\$705,420
Service Fees	
Realized Gain/(Loss)	\$402,958
Unrealized Gain/(Loss)	<u>-\$322,571</u>
Net Investment Income/(Loss)	\$1,521,193
Gross Capital Calls as of qtr end	\$27,237,398
Net Distribution Activity	-\$4,969,365
Net Investment Activity	<u>\$1,521,193</u>
Capital Balance as of qtr end	\$23,789,225

### Raven Capital Cash Flow Activity Since Inception

<u>Date</u>	<u>Cash Flow</u>
5/22/2013	-\$10,590,800
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
Asset Value September 30, 2014	\$23,789,225
Internal Rate of Return June 30, 2014	4.86%
Quarter 3 2014 Return	1.21%
Internal Rate of Return September 30, 2014	6.13%