



**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**  
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**e-mail: retirement@stancera.org**

## **AGENDA**

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

**February 26, 2013**  
**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/sections/aboutus/agendas>.

**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 13, 2013 Administrative/Investment Meeting Minutes [View](#)
  - b. StanCERA Investment Managers Peer Rankings for Quarter Ending December 31, 2012 [View](#)

6. Semi-Annual Performance Report by Dodge & Cox - Fixed Income and Large Cap Value Equity Securities [View](#)
7. Semi-Annual Performance Report by PIMCO – Core Fixed Income [View](#)
8. Strategic Investment Solutions (SIS), Inc.
  - a. Investment Performance Analysis for Fourth Quarter Ending December 31, 2012 [View](#)
  - b. Monthly Performance Review for the Month Ending January 31, 2013 [View](#)
  - c. StanCERA Investment Managers Review List for Quarter Ending December 31, 2012 [View](#)
  - d. Report on “Top 10 Holdings” by StanCERA Investment Managers as of January 31, 2013 [View](#)
  - e. Up Date on Direct lending Fund Candidate Legal Review
9. Executive Director
  - a. New Legislation Update
  - b. Active Manager Value Added and Historical Fee Analysis Update [View](#)
10. Closed Session
  - a. 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)
  - b. 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  
Government Code Section 54956.9(d)(1)

10. Closed Session (Continued)
  - c. 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)
11. Members' Forum (Information and Future Agenda Requests Only)
12. Adjournment



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## PLEASE POST FOR EMPLOYEE VIEWING

### BOARD OF RETIREMENT MINUTES

February 13, 2013

**Members Present:** Gordon Ford, Maria De Anda, Donna Riley, Mike Lynch,  
Jim DeMartini, Darin Gharat, Michael O'Neal, Jeff Grover and  
Ron Martin

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

**Staff Present:** Rick Santos, Executive Director  
Luiana Irizarry, Investment/Accounting Technician  
Kellie Gomes, Executive Board Secretary  
Dawn Lea, Benefits Manager  
Kathy Herman, Operations Manager

**Others Present:** Fred Silva, General Legal Counsel  
Paul Harte, Strategic Investment Solutions (SIS), Inc.  
Graham Schmidt, EFI Actuaries  
Doris Foster and Stan Risen County Chief Executive Office  
Joshua Woolworth, Superior Courts

1. Meeting called to order at 1:02 p.m. by Darin Gharat, Chair.

2. **Roll Call**

3. **Announcements**

Mr. Santos announced that Kellie Gomes is the new Executive Board Secretary and will be taking over all Board inquiries and functions in the next month or so. Please direct all inquiries to Kellie Gomes instead of Luiana Irizarry.

Mr. Santos reminded the Board that AB 1519 went into effect on January 1, 2013 which requires Board members to acquire 24 hours of educational training within each 2 year period. A few Board members will need to complete nearly the entire 24 hours this year to remain in compliance. A link to the website page that reflects how many hours that are needed will be provided.

4 **Public Comment**

None.



5. **Consent Items**

Motion was made by Maria De Anda and seconded by Michael O'Neal to approve Item 5e as revised and all other items as written.

Motion carried.

- a. Approval of the January 22, 2013 Administrative Meeting Minutes
- b. Approval of the Cost of Living Adjustment (COLA) Effective April 1, 2013, for Payment on May 1, 2013, per Government Code Section 31870.1
- c. 2013 Board of Retirement Standing Committee Assignments Update
- d. Extension of Actuarial Service Contract for One Year with Cheiron EFI, a Division of Cheiron, Inc (formerly known as EFI Actuaries)
- e. Approved with the following revisions: Mary Silva's retirement from BHRS, Effective 02-13-13 is modified to 02-16-13. In addition Laura Chamberlain's name was misspelled and the correction will be reflected in these minutes.

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

1. Connie Burk, CSA, Effective 02-02-13
  2. Laura Chamberlain, Courts, Effective 02-02-13
  3. Keith Mahan, AG Commissioner, Effective 02-01-13
  4. Candace Murphy, HSA, Effective 01-07-13
  5. James Schoeffling, STANCOG, Effective 02-08-13
  6. Mary Silva, BHRS, Effective ~~02-13-13~~ 02-16-13
  7. Michael Sonke, DER, Effective 01-31-13
  8. Alice Sorensen, BHRS, Effective 01-25-13
  9. Judith Towns, BHRS, Effective 02-02-13
  10. Chaya Xiong, CSA, Effective 02-16-13
- f. Approval of Deferred Retirement(s) – **Section 31700**
    1. Roseanne Escobia, Courts, Effective 1-5-13
    2. January Siphfan, Probation, Effective 1-8-13

6. **Strategic Investment Solutions (SIS), Inc.**

- a. Discussion and Action regarding Direct Lending Side Letters

Motion was made by Gordon Ford and seconded by Michael O'Neal to approve the initiation of Side Letters with any alternative manager that the Board may ultimately invest with.

Motion carried.

- b. Discussion on Direct Lending Due Diligence Process and Questionnaire

Mr. Schmidt arrived at 1:19 p.m

c . Direct Lending Investment Memo and Lowest Manager Fee Structure Proposal

**Item #9. Heard Out of Order**

9. Discussion and Action on EFI Actuaries Presentation of the June 30, 2012 Actuarial Valuation

Motion was made by Donna Riley and seconded by Michael O'Neal to approve the 2012 actuarial valuation presented by EFI Actuaries, which sets employee and employer rates for 2013-2014.

Motion carried.

6. Strategic Investment Solutions (SIS), Inc.(Cont.)

d. Discussion on and Potential Action Direct Lending Fund Candidate Interviews

i Raven Capital Management

Ron Martin Arrived at 2:24 p.m

Break at 2:26 – 2:34 p.m.

ii. Medley LLC

iii. White Oak Global Advisors

Motion was made by Mike Lynch and seconded by Ron Martin to approve a total of \$40 million of the \$110 million allocated for Direct Lending to be invested with Raven Capital Management subject to legal review and agreement on side letter terms.

Roll Call Yes: Ron Martin, Mike Lynch, Jim DeMartini, Darin Gharat, Michael O'Neal, Jeff Grover, Maria De Anda, and Donna Riley

Roll Call No: Gordon Ford

Motion carried.

Motion was made by Mike Lynch and seconded by Ron Martin to approve a total of \$40 million of the \$110 million allocated for Direct Lending to be invested with White Oak Global Advisors subject to legal review, fee negotiations and agreement on side letter terms.

Roll Call Yes: Ron Martin, Mike Lynch, Jim DeMartini, Darin Gharat, Michael O'Neal, Jeff Grover, Maria De Anda, Donna Riley, and Gordon Ford

Motion carried unanimously

Strategic Investment Solutions (SIS), Inc.(Cont.)

Motion was made by Maria De Anda and seconded by Michael O'Neal to approve a total of \$30 million of the \$110 million allocated for Direct Lending to be invested with Medley LLC subject to legal review, fee negotiations and agreement on side letter terms.

Roll Call Yes: Ron Martin, Mike Lynch, Jim DeMartini, Darin Gharat, Michael O'Neal, Jeff Grover, Maria De Anda, and Donna Riley

Abstain: Gordon Ford

Motion carried unanimously

7. Executive Director

a. New Legislation Update

Dawn Lea gave a brief update on AB 13, cleanup legislation regarding PEPRA. There were 3 significant changes regarding this bill:

- I. New PEPRA members will pay 50% of the normal cost for the tier at which they are actually accruing retirement benefits.
- II. Safety retirees who return to work are only exempt from the 180 day rule if they return to a duty that is designated as a safety classification.
- III. The additional disability annuity that PEPRA references does not apply to 1937 ACT Systems.

8. Correspondence

a. Public Records Act Request – four Email Requests

**Item #11. Heard Out of Order**

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

Paul Harte, of SIS Inc. announced he will not be able to attend the February 26, 2013 Board of Retirement Investment Meeting, however Nate Pratt of SIS Inc. will be present

10. Closed Session

Motion was made by Jeff Grover and seconded by Maria De Anda to move into Closed Session at 4:46 p.m.

Motion carried.

Motion was made by Maria De Anda and seconded by Donna Riley to return to Open Session at 5:00 p.m.

Motion carried.

10.. Closed Session (Cont)

- a. 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)

No Report.

12. Adjournment

Meeting adjourned at 5:00 p.m.

Respectfully submitted,



Rick Santos, Executive Director

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

By:   
Fred A. Silva, General Legal Counsel

StanCERA Investment Managers Peer Ranking

**Total Fund**

Taken From SIS Quarterly Investment Performance Analysis Reports

12/31/2009 through 12/31/2012

2/26/13  
Item # 5.b

	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012
1 Quarter	7	13	92	29	16	45	68	85	30	16	69	5	27
1 Year	5	7	16	36	19	22	30	77	85	70	62	12	5
Over 3 years	35	31	47	41	38	13	16	8	14	10	23	21	28
Over 5 years	45	37	43	47	41	47	38	59	54	43	41	62	61

Note: Ranking 1 is highest & 100 lowest

Revised 02/22/2013

# StanCERA Investment Managers Peer Ranking

## Peer Ranking For Returns Over 5 Years

Taken From SIS Quarterly Investment Performance Analysis Reports

12/31/2009 through 12/31/2012

	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012
S&P 500	83	73	73	69	67	68	66	64	60	61	58	54	33	38
BlackRock 1,000 G	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
Delaware	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	43	34	32	22	21	23
BlackRock 1,000 V	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
Dodge & Cox	40	57	58	59	70	71	75	69	72	73	73	65	73	71
Legato	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
Capital Prospects	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
LSV	35	36	41	34	40	31	35	40	48	42	39	56	74	67
Pyramis	n/a	n/a	n/a	n/a	n/a	n/a	n/a	34	34	24	27	26	60	68
Dodge & Cox FI	15	18	18	22	25	16	18	21	36	39	27	33	25	15
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 02/22/2013

# StanCERA Investment Managers Peer Ranking

## Peer Ranking For Returns Over 3 Years

Taken From SIS Quarterly Investment Performance Analysis Reports

12/31/2009 through 12/31/2012

12/31/2009 3/31/2010 6/30/2010 9/30/2010 12/31/2010 3/31/2011 6/30/2011 9/30/2011 12/30/2011 3/31/2012 6/30/2012 9/30/2012 12/31/2012

S&P 500	67	64	62	60	62	62	57	52	50	56	44	20	11
BlackRock 1,000 G	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
Delaware	51	59	49	54	68	60	26	15	6	11	12	4	7
BlackRock 1,000 V	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
Dodge & Cox	54	57	70	62	65	61	60	46	39	35	62	55	44
Legato	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	61	62	58	60	59
Capital Prospects	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	64	66	48	42	21
LSV	53	54	52	52	39	34	29	26	17	23	34	49	57
Pyramis	31	26	27	45	48	39	54	38	36	34	34	67	65
Dodge & Cox FI	29	18	33	27	16	11	15	17	32	20	38	31	40
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
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

Note: Ranking 1 is highest & 100 lowest

Revised 02/22/2013

# StanCERA Investment Managers Peer Ranking

## Peer Ranking For Returns Over 1 Year

Taken From SIS Quarterly Investment Performance Analysis Reports

12/31/2009 through 12/31/2012

12/31/2009 3/31/2010 6/30/2010 9/30/2010 12/31/2010 3/31/2011 6/30/2011 9/30/2011 12/31/2011 3/31/2012 6/30/2012 9/30/2012 12/31/2012

S&P 500	48	56	56	47	46	55	52	32	28	35	34	24	16
BlackRock 1,000 G	n/a	n/a	n/a	n/a	47	47	49	29	23	34	27	37	53
Delaware	20	54	39	13	55	52	35	16	2	8	4	24	36
BlackRock 1,000 V	n/a	n/a	n/a	50	59	68	64	44	30	50	26	19	30
Dodge & Cox	39	40	59	83	23	41	39	63	83	81	55	4	3
Legato	64	63	62	66	69	71	60	56	61	58	35	34	24
Capital Prospects	89	85	82	40	43	39	42	34	42	56	37	35	9
LSV	12	16	13	34	47	25	35	46	48	54	78	64	75
Pyramis	19	21	28	28	22	26	37	60	34	35	37	80	52
Dodge & Cox FI	22	18	29	45	21	22	27	70	89	72	77	12	9
Pimco	n/a	n/a	n/a	n/a	56	59	56	30	14	25	19	55	54
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
Invesco	5	6	8	11	8	11	15	94	95	76	76	n/a	n/a
Research Affiliates	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100	100	n/a	n/a
Loomis Sayles	30	26	35	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 02/22/2013



# StanCERA Investment Managers Peer Ranking

## Peer Ranking For Returns Over 1 Quarter

Taken From SIS Quarterly Investment Performance Analysis Reports

12/31/2009 through 12/31/2012

	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012
S&P 500	47	56	46	51	53	60	53	30	50	65	29	14	24
BlackRock 1,000 G	n/a	n/a	n/a	50	53	36	52	30	25	67	24	55	64
Delaware	6	95	34	24	87	27	26	7	10	40	44	40	40
BlackRock 1,000 V	73	42	25	65	44	59	57	35	42	76	19	33	45
Dodge & Cox	63	42	78	44	21	73	38	73	65	34	22	7	24
Legato	54	60	42	69	52	63	27	56	65	41	13	52	51
Capital Prospects	71	52	34	31	67	43	50	37	73	71	21	15	10
LSV	36	45	26	71	28	12	71	61	51	66	83	31	75
Pyramis	19	38	40	36	22	56	71	61	42	41	44	38	43
Dodge & Cox FI	20	16	93	72	8	22	71	90	41	10	83	21	9
Pimco	n/a	n/a	n/a	25	91	63	23	13	54	79	12	57	52
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
Invesco	10	15	92		29	60	42	99	7	3	47	n/a	n/a
Loomis Sayles	10	23	67	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 02/22/2013

# Investment Review

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2/26/13

Item #6

- I. Dodge & Cox Update
- II. Fixed Income Portfolio Review
- III. Equity Portfolio Review
- IV. Supplemental Exhibits

## Stanislaus County Employees' Retirement Association

February 26, 2013

*Representing Dodge & Cox:*

Wendell W. Birkhofer, Vice President & Portfolio Manager

*This information was prepared at the above-named client's request in connection with a review of the client's account. Dodge & Cox does not guarantee the future performance of any account (including Dodge & Cox mutual funds) or any specific level of performance, the success of any investment decision or strategy that Dodge & Cox may use, or the success of Dodge & Cox's overall management of an account. Investment decisions made for a client's account by Dodge & Cox are subject to various market, currency, economic, political, and business risks (foreign investing, especially in developing countries, has special risks such as currency and market volatility and political and social instability), and those investment decisions will not always be profitable. While every effort is made to ensure accuracy, no representation is made that all information in this presentation is accurate or complete. Neither the information nor any opinion expressed in this presentation constitutes an offer to buy or sell the securities mentioned. This information is the confidential and proprietary product of Dodge & Cox. Any unauthorized use, reproduction, or disclosure is strictly prohibited.*

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# Dodge & Cox Update

# Key Characteristics of Our Organization

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December 31, 2012

## **Over 80 Years of Investment Experience**

Dodge & Cox was founded in 1930. We have a stable and well-qualified team of investment professionals, most of whom have spent their entire careers at Dodge & Cox.

## **Independent Organization**

Ownership of Dodge & Cox is limited to active employees of the firm. Currently there are 79 shareholders and 220 total employees.

## **One Business**

Dodge & Cox provides domestic, international and global equity, fixed income, and balanced account management.

## **Single Investment Office Location**

We maintain close communication among our investment professionals by managing investments from one office in San Francisco.

## **Independent Research Staff**

Thorough fundamental analysis of each investment allows us to make independent, long-term decisions for our clients' portfolios.

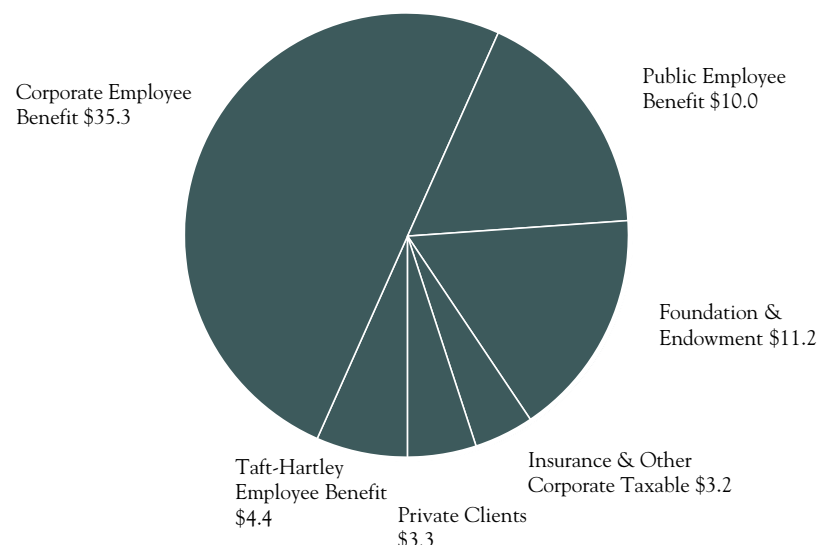
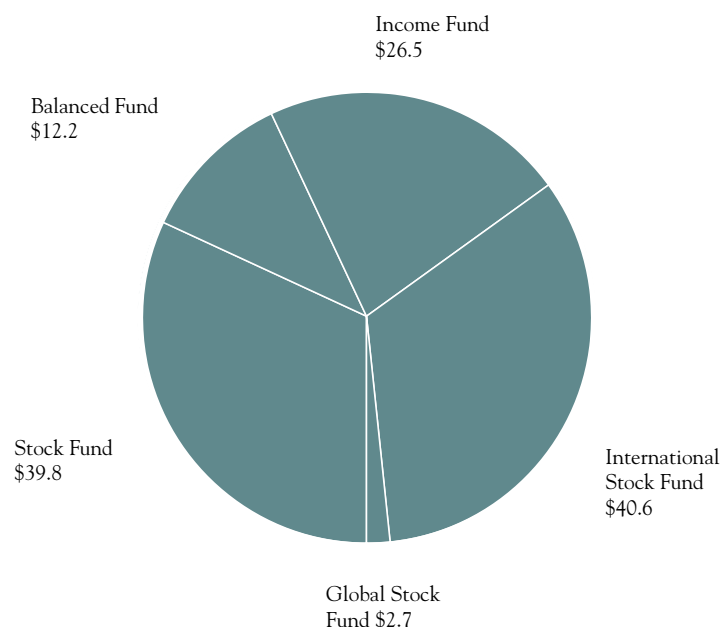
# Dodge & Cox Assets Under Management (\$ in billions)

December 31, 2012

**\$189.5 in Total Assets: \$111.7 in Equities / \$77.8 in Fixed Income**

Dodge & Cox Funds: \$121.8 Billion

Separate Accounts: \$67.4 Billion



Dodge & Cox Worldwide Funds (Irish UCITS): \$250 Million

Annual AUM Change						
Year-End	Total	Change	Fixed		Equity	Change
			Income	Change		
2008	\$143.2	-39.3%	\$57.6	-16.8%	\$85.6	-48.6%
2009	\$172.5	20.5%	\$63.5	10.2%	\$109.0	27.4%
2010	\$189.4	9.8%	\$68.7	8.2%	\$120.7	10.7%
2011	\$174.9	-7.6%	\$72.4	5.5%	\$102.5	-15.1%
2012	\$189.5	8.3%	\$77.8	7.5%	\$111.7	9.0%

Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

# Experienced & Stable Investment Team

February 1, 2013

## Industry Analysts & Equity Managers / Years at D&C / Coverage

John Gunn	40	Chairman Emeritus
Kenneth Olivier	33	Chairman and Chief Executive Officer
Bryan Cameron	29	Senior Vice President and Director of Research
Charles Pohl	28	Co-President and Chief Investment Officer
Gregory Serrurier	28	Senior Vice President and Portfolio Manager
Wendell Birkhofer	25	Portfolio Manager
Diana Strandberg	24	Senior Vice President and Director of International Equity
Kevin Johnson	23	Portfolio Manager/Energy, Integrated Oils
Steven Cassriel	20	Portfolio Manager / Railroads, Air Freight, Airlines (U.S.)
David Hoeft	19	Senior Vice President and Associate Director of Research, Computer Hardware & Software
Steven Voorhis	16	Pharmaceuticals, India
John Iannuccillo	15	Aerospace, Electrical Equipment, Paper, Analytical Instruments
Mario DiPrisco	14	Banks (EMEA, Latin America), Latin America
Roger Kuo	14	Media & Entertainment, Internet, EM, China, Hong Kong
Keiko Horkan	12	Banks (U.S. & Japan), Specialty / Consumer Finance, Japan
Karol Marcin	12	Insurance, Central Europe
Amanda Nelson	12	Telecom Equipment, Natural Gas Pipelines, Electric Utilities, Turkey, Greece
Lily Beischer	11	Telecom (Asia), Retail, Footwear & Apparel, Cosmetics, Philippines, Indonesia
Richard Callister	10	Machinery, Medical Devices, Scandinavia
Englebert Bangayan	10	Commercial Services, Airlines / Marine (Int'l), Homebuilders, EM Asia Industrial, Oil Services
Raymond Mertens	9	REITs, Hotels, Commercial Printing, Healthcare Services, Consumer Products
Philippe Barret, Jr.	8	Brokers, Investment Managers & Exchanges, Banks (Asia ex. Japan, Central Europe, Middle East), Trust Banks
Karim Fakhry	6	Appliances, Building Products & Home Improvement (U.S.), Biotech & Pharma
Joel-Patrick Millsap	6	Telecom Services (South America, Africa & Europe), Autos
Kathleen McCarthy	5	Beverages, Restaurants, EMEA Consumer, Building Products (Int'l.), Tobacco
Paritosh Somani	5	Metals & Mining, Computer Services, EM Asia Consumer
Tae Yamaura	4	Connectors, Logic Semiconductors, Japan
Arun Palakurthy	4	Consumer Electronics, Memory Semiconductors, Telecom Services (Americas), Video Games
Benjamin Garosi	3	Chemicals, Transportation
Hallie Marshall	1	Special Projects
Sophie Chen	new	China

## Fixed Income Analysts & Managers / Years at D&C / Coverage

Dana Emery	29	Co-President and Director of Fixed Income, Corporates
Robert Thompson	20	Municipals
Shirlee Neil	20	Corporates, Portfolio Transitions
Thomas Dugan	18	Senior Vice President and Associate Director of Fixed Income, Mortgage-Backed Securities
Stephanie Notowich	17	Mortgage-Backed Securities
Kent Radspinner	16	Asset-Backed Securities, TIPS, Treasury Futures
Nancy Kellerman	16	Municipals
Larissa Roesch	15	Corporates
James Dignan	13	Mortgage-Backed Securities
E. Saul Peña	12	Corporates
Thinh Le	11	Corporates
Jay Stock	10	Analytics Systems, Treasury Futures, Other Research
Adam Robinson	10	Corporates, Auto Finance
Damon Blechen	10	Corporates, Global Bonds (transitioned from Equity Trading)
Anthony Brekke	9	Corporates
Nils Reuter	9	Mortgage-Backed Securities
Lucinda Johns	8	Corporates, Global Bonds
Linda Chong	7	Asset-Backed and Mortgage-Backed Securities, Korea, Malaysia
Nicholas Lockwood	5	Municipals, Treasury Trading
Michael Kiedel	4	Corporates, Taxable Municipals
Matthew Schefer	4	Corporates, Global Bonds
Gabriel Sod Hoffs	1	Macroeconomy, Currency, Global Bonds
Masato Nakagawa	new	Mortgage-Backed Securities

## Investment Policy Committee

*Stock & Balanced Funds, Separately Managed Equity & Balanced Portfolios*

	Years at D&C		Years at D&C
John Gunn	40	Wendell Birkhofer	25
Kenneth Olivier	33	Diana Strandberg	24
Bryan Cameron	29	David Hoeft	19
Charles Pohl	28	Steven Voorhis	16
Gregory Serrurier	28	Philippe Barret	8
		<i>Average Tenure:</i>	25

## International Investment Policy Committee

*International Stock Fund*

John Gunn	40	Mario DiPrisco	14
Bryan Cameron	29	Roger Kuo	14
Charles Pohl	28	Keiko Horkan	12
Gregory Serrurier	28	Richard Callister	10
Diana Strandberg	24	<i>Average Tenure:</i>	22

## Global Investment Policy Committee

*Global Stock Fund*

John Gunn	40	Roger Kuo	14
Charles Pohl	28	Karol Marcin	12
Diana Strandberg	24	Lily Beischer	11
Steven Voorhis	16	<i>Average Tenure:</i>	21

## Fixed Income Investment Policy Committee

*Income & Balanced Funds, Separately Managed Fixed Income & Balanced Portfolios*

Dana Emery	29	Larissa Roesch	15
Charles Pohl	28	James Dignan	13
Robert Thompson	20	Adam Robinson	10
Thomas Dugan	18	Anthony Brekke	9
Kent Radspinner	16	Lucinda Johns	8
		<i>Average Tenure:</i>	17

Years of experience at Dodge & Cox are updated annually in May.

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# Fixed Income Portfolio Review

**Stanislaus County Employees Retirement Association-Bond Acct**

**Account # 1607**

**December 31, 2012 Portfolio Summary**

	Market Value 12/31/12	%	Estimated Annual Income	Current Yield
<b>Fixed Income Securities</b>	<b>\$415,929,680</b>	<b>97.8%</b>	<b>\$18,816,269</b>	<b>4.5%</b>
<b>Cash</b>	<b>5,512,394</b>	<b>1.3</b>	<b>551</b>	<b>-</b>
<b>Total Under Management</b>	<b>\$421,442,074</b>	<b>99.1%</b>	<b>\$18,816,820</b>	<b>4.5%</b>
<b>Accrued Income</b>	<b>3,899,082</b>	<b>.9</b>		
<b>Total</b>	<b>\$425,341,156</b>	<b>100.0%</b>	<b>\$18,816,820</b>	<b>4.5%</b>



Stanislaus County Employees Retirement Association-Bond Acct

Account # 1607

December 31, 2012 Time Weighted Total Rates of Return

<u>Account Summary</u>	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/83
<b>Fixed Income Securities</b>	<b>1.15%</b>	<b>8.66%</b>	<b>7.40%</b>	<b>7.72%</b>	<b>6.31%</b>	<b>9.42%</b>
<b>Total Portfolio *</b>	<b>1.12</b>	<b>8.44</b>	<b>7.25</b>	<b>7.51</b>	<b>6.18</b>	<b>9.36</b>
<b>Total Portfolio (Net of Fees)</b>	<b>1.10</b>	<b>8.35</b>	<b>7.16</b>	<b>7.42</b>	<b>6.10</b>	<b>9.25</b>
 <u>Comparative Indices</u>						
Barclays U.S. Aggregate Bond Index	0.22	4.23	6.21	5.96	5.19	8.10

NOTE: Performance returns do not reflect the deduction of investment management fees and are annualized for periods greater than one year, unless otherwise noted.

\* Before 4/1/01, Account No. 1607 did not include cash equivalents.

Stanislaus County Employees Retirement Association-Bond Acct

Account # 1607

January 31, 2013 Time Weighted Total Rates of Return

<u>Account Summary</u>	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/83
<b>Fixed Income Securities</b>	<b>0.07%</b>	<b>0.32%</b>	<b>6.49%</b>	<b>6.90%</b>	<b>7.48%</b>	<b>6.27%</b>	<b>9.39%</b>
<b>Total Portfolio *</b>	<b>0.07</b>	<b>0.31</b>	<b>6.31</b>	<b>6.76</b>	<b>7.27</b>	<b>6.15</b>	<b>9.34</b>
<b>Total Portfolio (Net of Fees)</b>	<b>0.06</b>	<b>0.29</b>	<b>6.23</b>	<b>6.67</b>	<b>7.19</b>	<b>6.06</b>	<b>9.23</b>

Comparative Indices

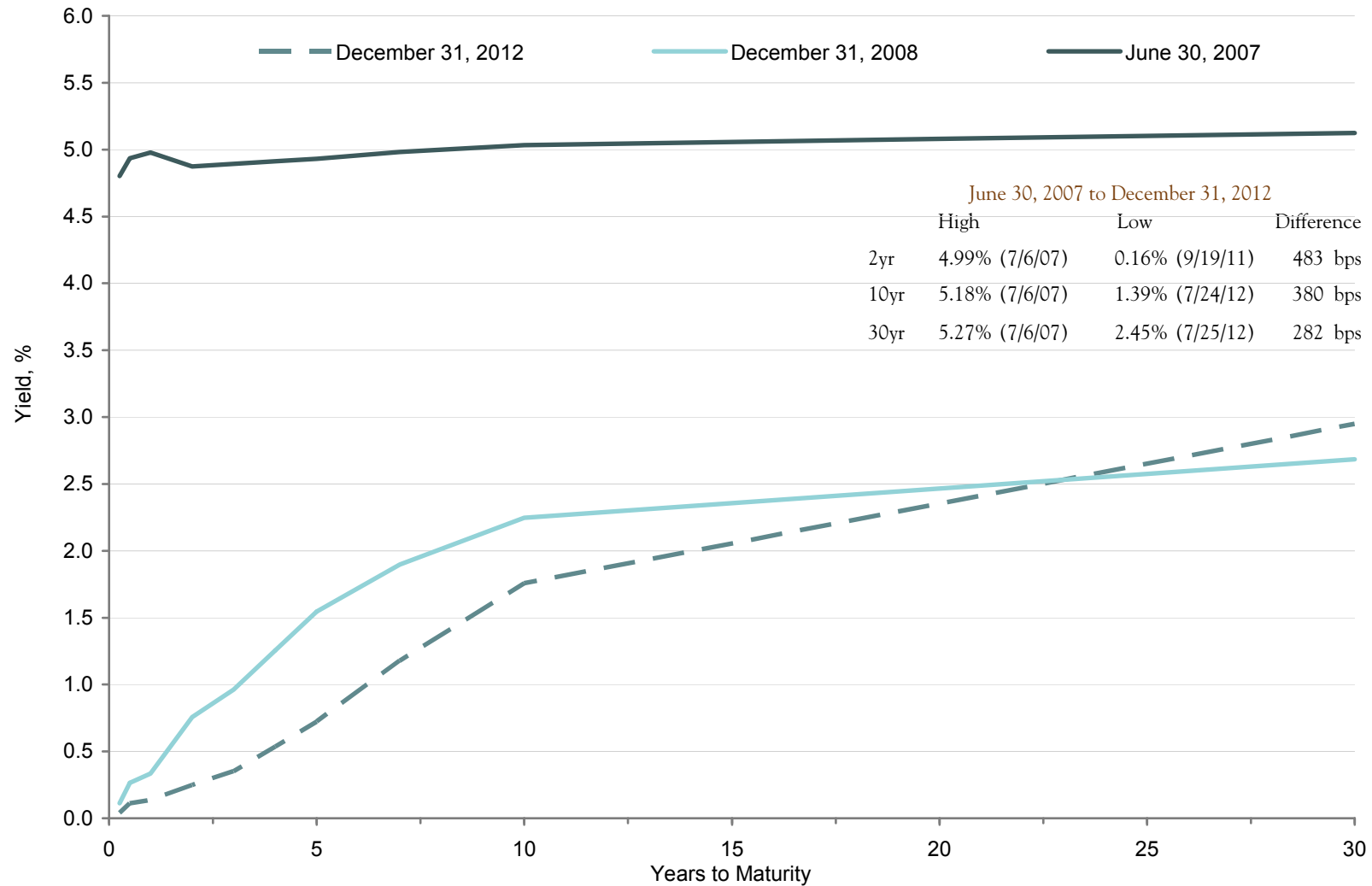
Barclays U.S. Aggregate Bond Index	- 0.70	- 0.68	2.60	5.43	5.46	5.11	8.05
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NOTE: Performance returns do not reflect the deduction of investment management fees and are annualized for periods greater than one year, unless otherwise noted.

\* Before 4/1/01, Account No. 1607 did not include cash equivalents.

# U.S. Treasury Yield Curves

December 31, 2012

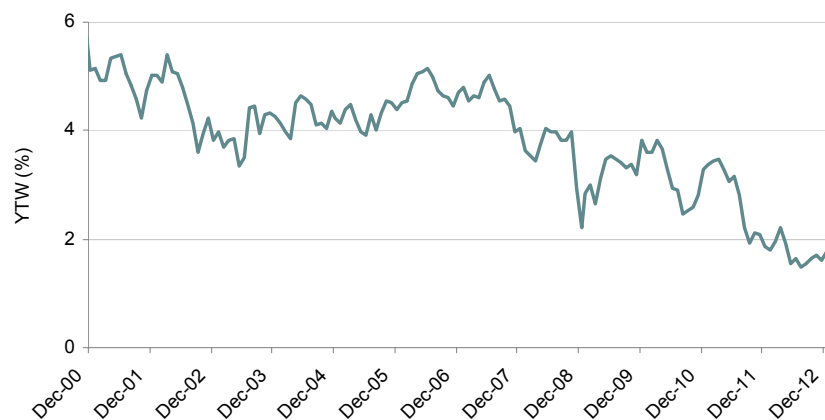


Source: Bloomberg LP. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

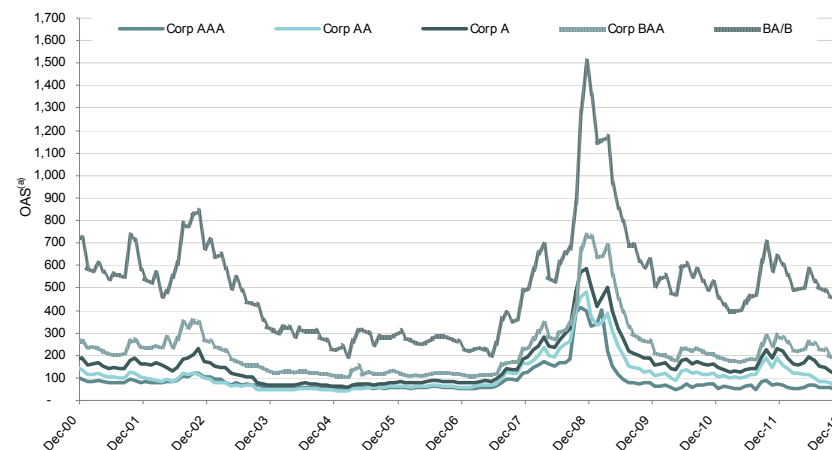
# U.S. Bond Market Conditions

December 31, 2012

## 10-Year U.S. Treasury Yields



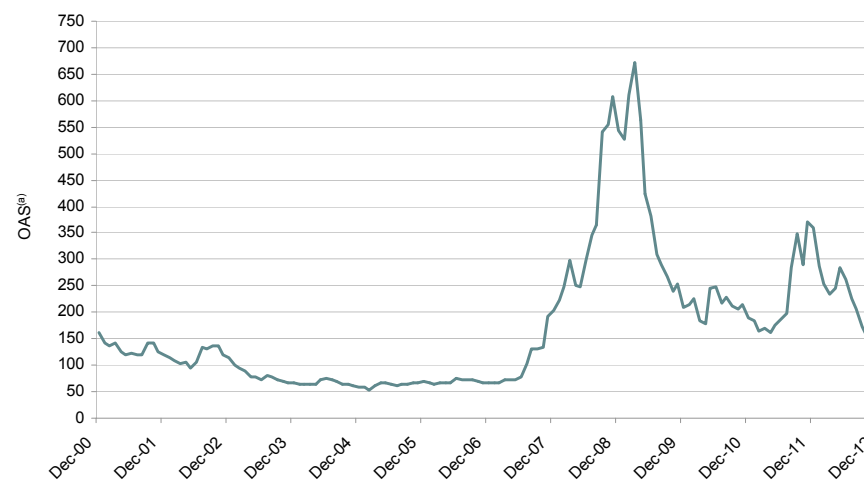
## Barclays Corporate Indices by Rating



## Barclays U.S. MBS Index



## Barclays U.S. Banking Index



<sup>(a)</sup>OAS (option-adjusted spread) is the option-adjusted yield differential between stated index and comparable U.S. Treasuries. OAS does not translate into a return.

Source: Barclays, Bloomberg. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

# Performance Attribution

One Year Ending December 31, 2012

## Stanislaus County Employees Retirement Association-Bond Acct

*Portfolio (Gross of Fees): 8.44%*

*Barclays U.S. Aggregate Bond Index: 4.23%*

### Market Changes

- Intermediate Treasury yields declined while short- and long-term yields rose. Two-year Treasury yields rose 1 bp to 0.25%, 5-year Treasuries declined by 11 bps to 0.72%, 10-year Treasuries fell 12 bps to 1.76%, and 30-year Treasuries rose 6 bps to 2.95%. For the year, the Treasury sector returned 2.0%.<sup>(a)</sup>
- The investment-grade corporate sector returned 9.8%, outperforming comparable-duration Treasuries by 7.3 percentage points. Financial Institutions (14.7% return) outperformed Industrials (7.6% return) and Utilities (7.5% return). Corporate balance sheets and credit fundamentals remain strong.
- Agency-guaranteed MBS returned 2.6%, outperforming similar-duration Treasuries by 0.9 percentage points.

### Dodge & Cox – Relative Return Factors

- The portfolio's **substantial overweight to corporate bonds**, and in particular the large overweight to Financial Institutions, strongly benefited relative returns.
- **Corporate security selection** was positive as many of the portfolio's financial sector and lower-rated corporate holdings performed extremely well, including AIG, Bank of America, Citigroup floating-rate notes, HSBC, Royal Bank of Scotland, SLM Corp., Sprint, and Telecom Italia, among others.
- The portfolio's **nominal yield advantage** added to relative returns.
- The portfolio's **taxable municipal holdings** performed extremely well in 2012.
- The portfolio's **Agency MBS holdings** outpaced short-maturity Treasuries in 2012 but lagged the returns of comparable-duration credit securities as well as lower-coupon MBS.

<sup>(a)</sup>Source of sector returns: Barclays indices.

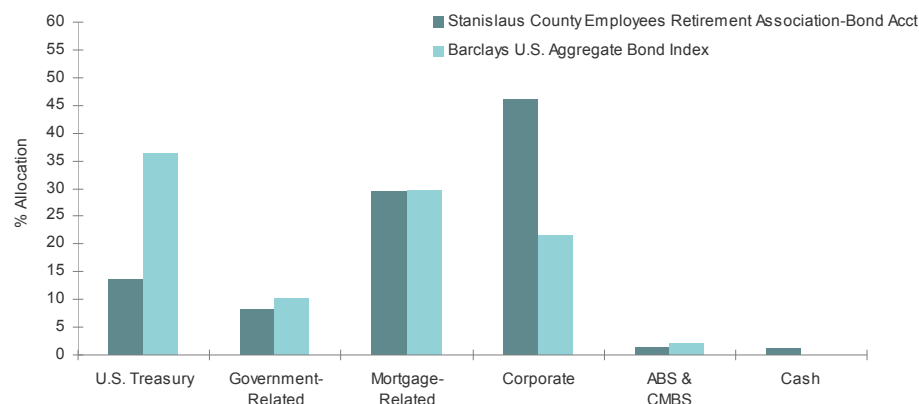
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# Portfolio Structure

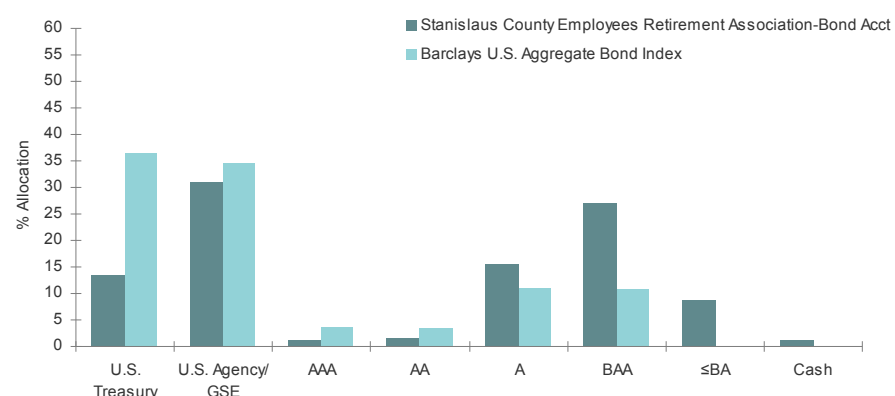
December 31, 2012

## Stanislaus County Employees Retirement Association-Bond Acct

### Sector Composition



### Quality Composition



### Weighted-Average Summary Characteristics

	Stanislaus County Employees Retirement Association-Bond Acct	Barclays U.S. Aggregate Bond Index
Yield-to-Worst <sup>(a)</sup>	2.26%	1.74%
Quality <sup>(b)</sup>	A+	AA
Effective Maturity	6.3 Years	7.0 Years
Effective Duration	4.0 Years	5.1 Years

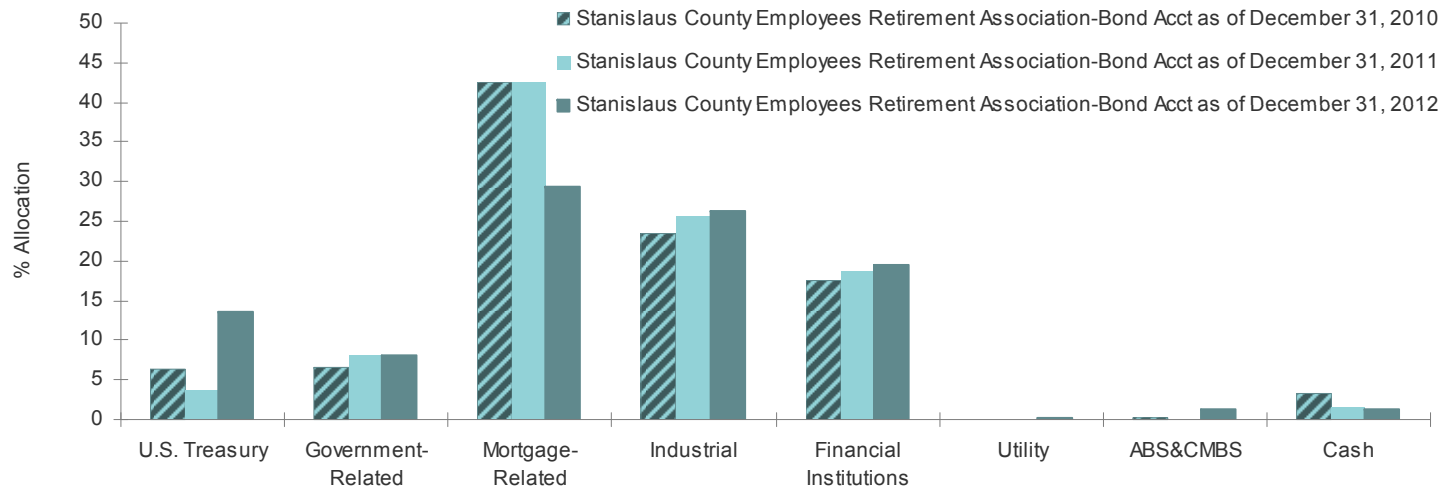
<sup>(a)</sup>Yield and principal value fluctuate with market conditions. <sup>(b)</sup>In calculating a portfolio's weighted average quality, Dodge & Cox translates each security's rating from an alpha value to a numerical value (if a security is unrated, Dodge & Cox assigns a rating in accordance with our internal policy), calculates a weighted average numerical rating, and then translates the resulting number back into an alpha value based on the same scale. All cash and portfolio holdings are included in this calculation. Both Dodge & Cox and the Barclays Index apply a methodology using a linear numerical scoring system. Other methodologies could produce a lower weighted-average quality. The portfolio's weighted average quality is not a rating of the portfolio by an independent rating agency and should not be considered an assessment of the stability or safety of the portfolio.

Source: The YieldBook, Inc., Bloomberg LP, Interactive Data's BondEdge, Barclays POINT. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice.

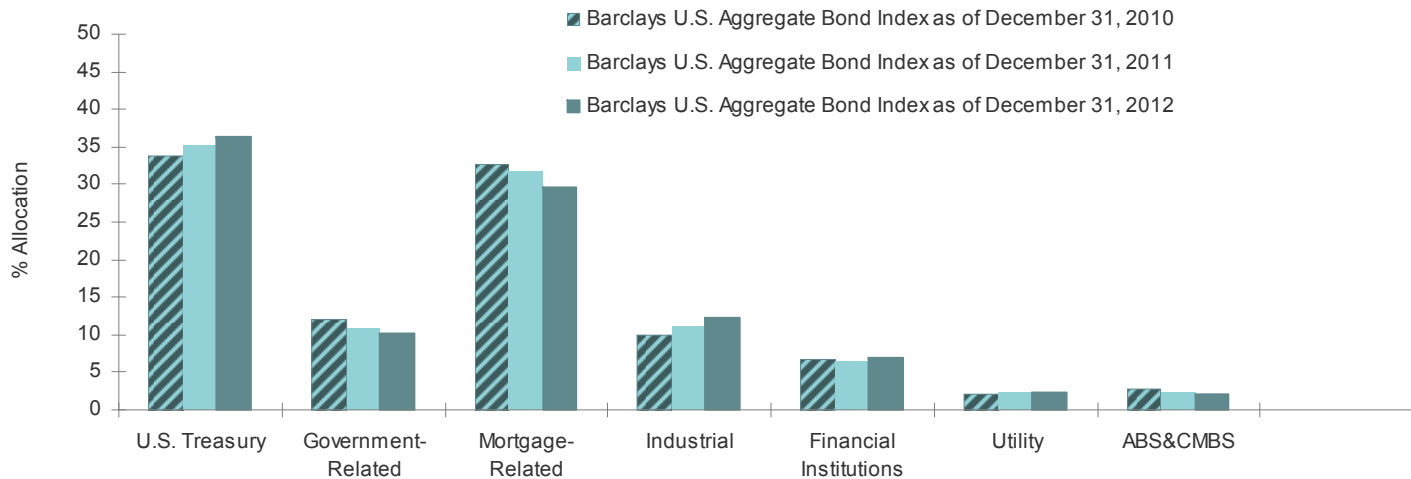
# Changes in the Portfolio

December 31, 2012

## Stanislaus County Employees Retirement Association-Bond Acct



## Barclays U.S. Aggregate Bond Index

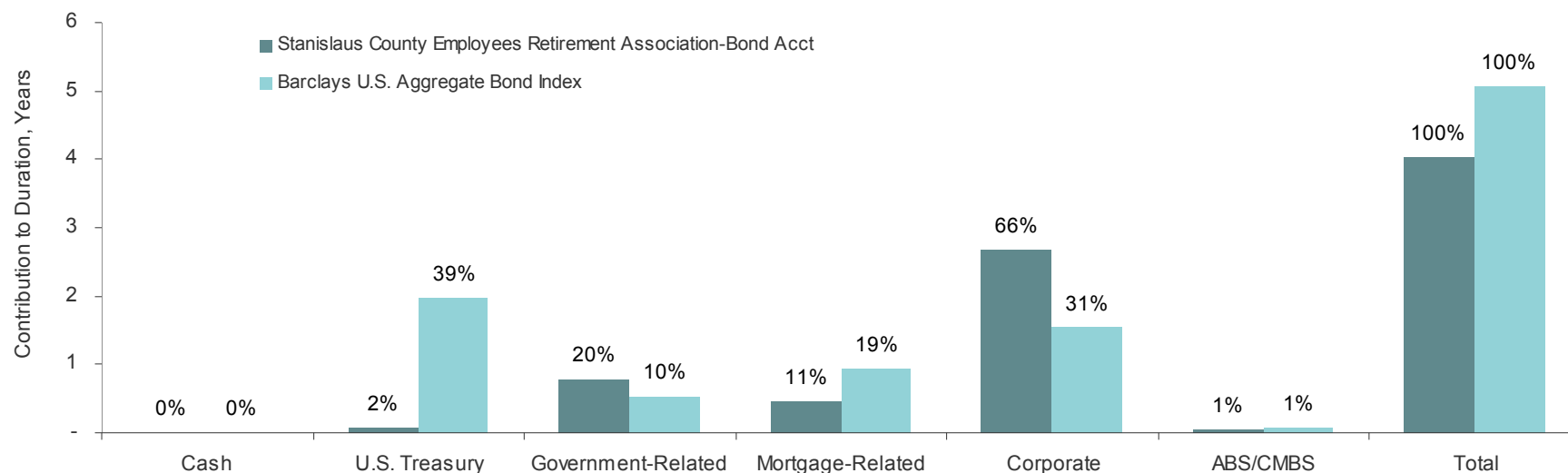


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# Contribution to Duration (by Sector)

December 31, 2012

## Stanislaus County Employees Retirement Association-Bond Acct



Weight (%)	1.31	0.00	13.62	36.42	8.22	10.26	29.41	29.61	46.10	21.51	1.34	2.17	100.00	100.00
Duration (Years)	0.00	0.00	0.56	5.43	9.49	5.15	1.56	3.18	5.70	7.18	3.09	3.11	3.98	5.06
Contribution to Duration <sup>(a)</sup>	0.00	0.00	0.08	1.98	0.78	0.53	0.46	0.94	2.63	1.54	0.04	0.07	3.98	5.06

<sup>(a)</sup>Contribution to Duration = Portfolio weightings (%) x Duration (Years).

Source: The YieldBook, Inc., Bloomberg LP, Interactive Data's BondEdge, Barclays POINT. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Opinions expressed are subject to change without notice.



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# Equity Portfolio Review

**Stanislaus County Employees Retirement Association - Equity****Account # 827****December 31, 2012 Portfolio Summary**

	Market Value 12/31/12	%	Estimated Annual Income	Current Yield
<b>Equity Securities</b>	<b>\$142,667,065</b>	<b>96.0%</b>	<b>\$2,930,775</b>	<b>2.1 %</b>
<b>Cash</b>	<b>5,933,847</b>	<b>4.0</b>	<b>593</b>	<b>-</b>
<b>Total Under Management</b>	<b>\$148,600,912</b>	<b>100.0%</b>	<b>\$2,931,368</b>	<b>2.0%</b>

# Stanislaus County Employees Retirement Association - Equity

Account # 827

## December 31, 2012 Time Weighted Total Rates of Return

<u>Account Summary *</u>	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/72
<b>Equity Securities</b>	<b>2.7%</b>	<b>22.8%</b>	<b>10.8%</b>	<b>0.4%</b>	<b>8.2%</b>	<b>11.5%</b>
<b>Total Portfolio **</b>	<b>2.6</b>	<b>22.2</b>	<b>10.6</b>	<b>0.9</b>	<b>8.3</b>	<b>11.6</b>
<b>Total Portfolio (Net of Fees)</b>	<b>2.5</b>	<b>21.9</b>	<b>10.4</b>	<b>0.7</b>	<b>8.1</b>	<b>11.4</b>
<u>Comparative Indices</u>						
Standard & Poor's 500 Composite	- 0.4	16.0	10.9	1.7	7.1	9.8
Russell 1000 Value Index	1.5	17.5	10.9	0.6	7.4	N.A.

NOTE: Performance returns do not reflect the deduction of investment management fees and are annualized for periods greater than one year, unless otherwise noted.

\* Account established 6/14/68; performance prior to 12/31/72 is not available.

\*\* Before 4/1/01, Account No. 827 did not include cash equivalents.

# Stanislaus County Employees Retirement Association - Equity

Account # 827

## January 31, 2013 Time Weighted Total Rates of Return

<u>Account Summary *</u>	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception 12/31/72
<b>Equity Securities</b>	<b>6.3%</b>	<b>9.7%</b>	<b>23.3%</b>	<b>13.8%</b>	<b>2.8%</b>	<b>9.2%</b>	<b>11.7%</b>
<b>Total Portfolio **</b>	<b>6.1</b>	<b>9.4</b>	<b>22.5</b>	<b>13.4</b>	<b>3.2</b>	<b>9.2</b>	<b>11.7</b>
<b>Total Portfolio (Net of Fees)</b>	<b>6.1</b>	<b>9.3</b>	<b>22.2</b>	<b>13.2</b>	<b>3.0</b>	<b>9.0</b>	<b>11.5</b>
 <u>Comparative Indices</u>							
Standard & Poor's 500 Composite	5.2	6.8	16.8	14.1	4.0	7.9	9.9
Russell 1000 Value Index	6.5	8.7	20.6	14.3	2.7	8.3	N.A.

NOTE: Performance returns do not reflect the deduction of investment management fees and are annualized for periods greater than one year, unless otherwise noted.

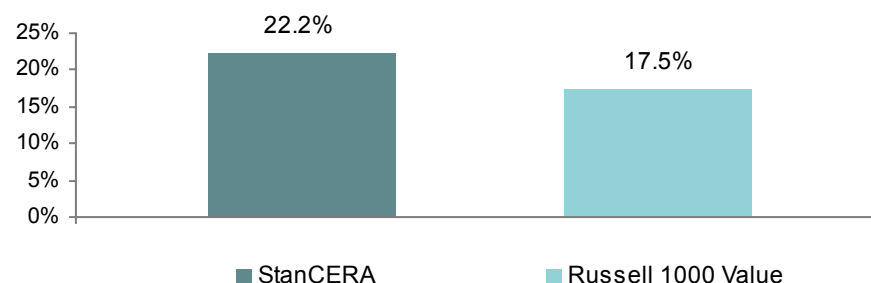
\* Account established 6/14/68; performance prior to 12/31/72 is not available.

\*\* Before 4/1/01, Account No. 827 did not include cash equivalents.

# Comparative Investment Results

One Year Ending December 31, 2012

## Stanislaus County Employees Retirement Association – Equity vs. Russell 1000 Value Twelve-Month Total Return, Gross of Fees



Key Contributors to Relative Results	Average Weight		Performance	
	Account	Index	Account	Index
Consumer Discretionary	17%	9%	+38%	+35%
Financials	19%	26%	+39%	+27%
Utilities	-	7%	-	+2%

Strongest performing holdings: Sprint Nextel (+142%), AOL Inc (+128%), Bank of America (+110%), Cemex (+77%), and Computer Sciences Corp. (+73%)

### Key Detractors from Relative Results

Information Technology	20%	8%	+10%	+7%
Energy	8%	14%	-6%	+4%

Weakest performing holdings: Hewlett-Packard (-43%), J.C. Penney (-43%), Sony (-37%), Pitney Bowes (-36%), and Panasonic (-27%)

Source: FactSet. Holding period performance is shown for each security and may be shorter than the performance period shown for the account due to the timing of purchases and sales. Sectors are ranked by total relative effect from attribution analysis. Individual holdings are ranked by holding period total return. FactSet returns can vary from other sources due to methodology differences. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by advisory fees and other expenses incurred in the management of your account. The securities identified do not represent the account's entire holdings; holdings are subject to change at any time without notice. Returns represent past performance and do not guarantee future results.

# Performance Attribution: Sectors

One Year Ending December 31, 2012

Stanislaus County Employees Retirement Association – Equity (+22.2%) vs. Russell 1000 Value (+17.5%)  
Twelve-Month Equity Total Return, Gross of Fees

	Account		Index		Total Impact on Return vs. Index
	Average Weight	Total Return	Average Weight	Total Return	
Consumer Discretionary	17.1%	+38.5%	8.6%	+34.5%	+1.9%
Financials	19.3%	+39.1%	26.3%	+27.5%	+1.2%
Utilities	-	-	7.0%	+2.0%	+1.1%
Telecommunication Services	3.1%	+63.6%	4.1%	+18.9%	+1.0%
Consumer Staples	2.8%	+19.4%	7.5%	+13.0%	+0.5%
Materials	3.8%	+23.9%	3.3%	+13.9%	+0.3%
Health Care	18.5%	+18.3%	12.1%	+15.8%	+0.2%
Industrials	7.7%	+20.8%	9.2%	+20.1%	+0.1%
Energy	7.8%	-6.2%	14.3%	+3.7%	-0.2%
Information Technology	19.9%	+9.7%	7.6%	+7.5%	-0.8%

Source: FactSet. Sectors are ranked by total relative effect from attribution analysis. FactSet returns can vary from other sources due to methodology differences. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by advisory fees and other expenses incurred in the management of your account. The securities identified do not represent the account's entire holdings; holdings are subject to change at any time without notice. Returns represent past performance and do not guarantee future results.

# Performance Attribution: Holdings

One Year Ending December 31, 2012

## Stanislaus County Employees Retirement Association – Equity

### Top Five Contributors

	Average Weight	Total Return	Contribution to Return
Comcast	4.4%	+60.7%	+2.31%
Sprint Nextel	1.7%	+142.3%	+1.79%
Capital One	3.8%	+37.5%	+1.28%
Bank of America	1.4%	+109.8%	+1.12%
News Corp.	2.5%	+44.1%	+1.05%

### Bottom Five Detractors

Hewlett-Packard	3.1%	-43.1%	-1.78%
Occidental Petroleum	2.3%	-16.1%	-0.36%
Sony	0.5%	-36.8%	-0.29%
J.C. Penney	0.4%	-42.6%	-0.23%
Xerox	1.3%	-12.3%	-0.18%

### Ten Largest Holdings

	Average Weight	Total Return	Contribution to Return
Comcast	4.4%	+60.7%	+2.31%
Wells Fargo	3.9%	+27.4%	+1.04%
Merck	3.8%	+13.1%	+0.60%
Capital One	3.8%	+37.5%	+1.28%
General Electric	3.5%	+21.2%	+0.78%
Hewlett-Packard	3.1%	-43.1%	-1.78%
Time Warner	3.0%	+35.8%	+1.03%
Sanofi	2.9%	+34.8%	+0.97%
Pfizer	2.9%	+20.4%	+0.57%
Novartis	2.7%	+15.0%	+0.41%

Source: FactSet. Holding period performance is shown for each security and may be shorter than the performance period shown for the account, due to the timing of purchases and sales. FactSet returns can vary from other sources due to methodology differences. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by advisory fees and other expenses incurred in the management of your account. The securities identified do not represent the account's entire holdings; holdings are subject to change at any time without notice. Returns represent past performance and do not guarantee future results.

# Dodge & Cox Equity Investment Process

## Deliberate and Focused Team Approach to Investing

### Investment Research by Global Industry Analysts

#### *Idea Generation:*

*Identify investment action items within area of industry expertise*

- Meet management teams, customers, and suppliers
- Monitor company financial reports
- Attend industry conferences and field trips
- Monitor industry news
- Review valuation screens

#### *Due Diligence:*

*Develop 360-degree assessment of company and prospects*

- Interview management, competitors, and industry experts
- Analyze financial statements, filings, and news
- Evaluate governance
- Develop financial model with three-to-five year forecasts of downside, base case, and upside scenarios
- Collaborate with other members of research staff

### Investment Advocacy



Written report  
and oral  
presentation

### Investment Decision-Making by Appropriate Policy Committee

#### *Portfolio Construction:*

*Construct a diversified portfolio on a bottom-up basis*

- Review and discuss investment recommendations by analysts
- Approve buy/sell list with target weightings
- Review industry and geographic weightings
- Maintain appropriate diversification by sector and geography
- Develop agenda for review

#### *Sell Discipline*

- We continually monitor the valuation and fundamentals of individual holdings. We consider the sale of the security when:
  - The price of a company's stock reflects more optimistic expectations regarding the company's future prospects than our own expectations;
  - In our assessment, a company's long-term fundamentals have deteriorated, even if valuation has not changed significantly; or
  - We see more attractive opportunities elsewhere.
- "All-cash portfolio" exercise: In this exercise, with a focus on our three- to five-year investment horizon, our portfolio managers and research analysts build a portfolio from the ground up, literally starting with a blank sheet. We then gather to compare and discuss our results. This exercise typically generates both purchase and sale candidates, which are then subject to further analysis.

Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

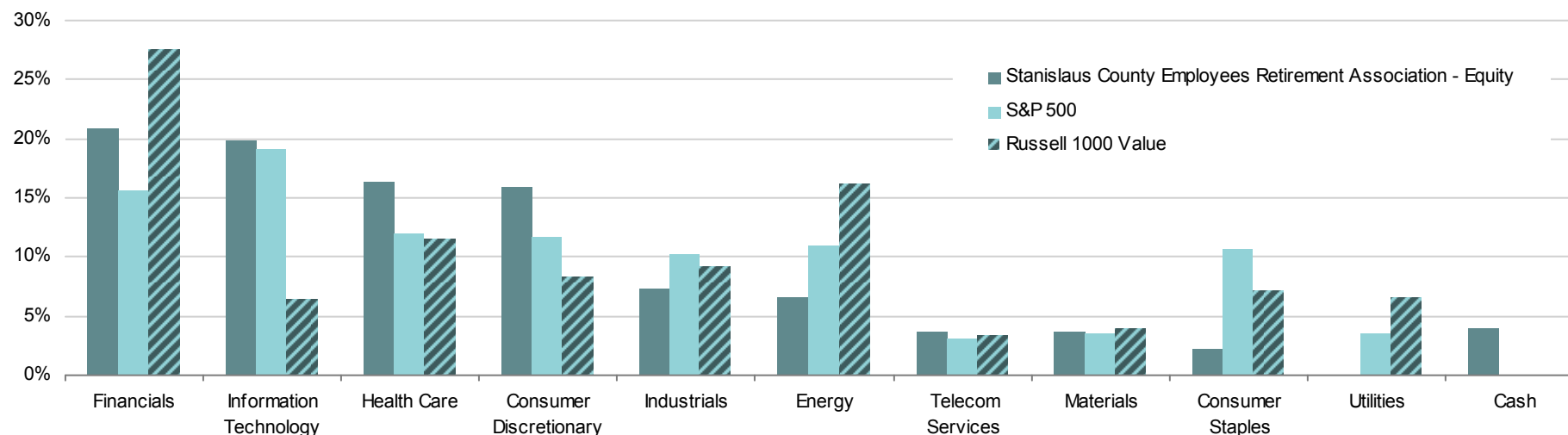


# Portfolio Structure

December 31, 2012

## Stanislaus County Employees Retirement Association – Equity

### Sector Analysis



### Representative Portfolio Characteristics<sup>(d)</sup>

	Dodge & Cox	S&P 500	Russell Value
Number of holdings	76	500	696
Price/earnings (forward) <sup>(a)</sup>	11.1x	13.3x	12.0x
Price/cash flow <sup>(b)</sup>	7.8x	10.4x	9.0x
Price/sales <sup>(b)</sup>	1.1x	1.5x	1.2x
Price/book value	1.6x	2.1x	1.5x
Weighted average market cap.	\$80B	\$107B	\$90B
Median market cap.	\$18B	\$13B	\$5B
Dividend yield (trailing) <sup>(c)</sup>	2.2%	2.3%	2.6%

### Stanislaus County Employees Ten Largest Equity Holdings<sup>(e)</sup>

Comcast	4.1%
Wells Fargo	3.8%
Capital One	3.8%
Merck	3.5%
General Electric	3.4%
Sanofi SA ADR	3.3%
Time Warner	3.1%
Novartis	3.0%
Sprint Nextel	2.8%
Pfizer	2.7%
<b>Total Weight</b>	<b>33.5%</b>

<sup>(a)</sup>Portfolio estimate excludes negative earners. S&P 500 estimate is top-down. <sup>(b)</sup>Portfolio calculation excludes Financials and Utilities. <sup>(c)</sup>Dodge & Cox portfolio indicated dividend yield is 2.1%. <sup>(d)</sup>The representative portfolio characteristics are based on one of the largest and oldest fully discretionary tax-exempt equity accounts that has not experienced recent material cash flow events or investment guideline changes, and do not reflect characteristics of the client account named above. <sup>(e)</sup>Weighting excludes cash and mutual funds.

Source: Bank of New York Mellon, Bloomberg LP, FactSet, Standard & Poor's. This information was prepared at the client's request in connection with a review of the client's account.

# Portfolio Holdings

December 31, 2012

## Stanislaus County Employees Retirement Association – Equity

Technology, Media, and Telecommunications		Health Care		Finance		Industrials, Energy, and Utilities		Consumer	
CONSUMER ELECTRONICS	0.8%	HEALTH CARE SERVICES	0.4%	BANKS	6.3%	ENERGY	6.8%	CONSUMER DURABLES	0.3%
Panasonic Corp. ADS		Cigna Corporation		BB&T Corp.		Baker Hughes Inc.		NVR Inc.	
Sony Corp. ADS				HSBC Holdings PLC ADS		Chevron Corp.			
ELECTRONIC MEDIA	12.7%	MEDICAL DEVICES	1.5%	SunTrust Banks Inc.		Occidental Petroleum Corp.		CONSUMER PRODUCTS	0.8%
Comcast Corp. Cl A		Boston Scientific Corp.		Wells Fargo & Co.		Schlumberger Ltd.		Unilever PLC ADS	
DISH Network Corp. Cl A		Medtronic Inc.		FINANCIAL SERVICES	13.3%	GENERAL INDUSTRIAL	4.1%	RETAIL & DISTRIBUTION	3.6%
Liberty Global Class C						General Electric Co.		CarMax Inc.	
Liberty Global Inc. Cl A		PHARMACEUTICALS	15.1%	Bank of America Corp.		Koninklijke Philips Electronics ADS		Liberty Interactive Series A	
News Corp. Cl A		GlaxoSmithKline PLC ADS		Capital One Financial Corp.				J.C. Penney Co. Inc.	
Time Warner Cable Inc.		Merck & Co Inc		Credit Suisse Group AG ADS		INDUSTRIAL COMMODITIES	3.7%	Wal-Mart Stores Inc.	
Time Warner Inc.		Novartis AG ADS		Goldman Sachs Group Inc.		Celanese Corp. Series A			
TECHNOLOGY	20.7%	Pfizer Inc.		JPMorgan Chase & Co.		Domtar Corp.			
		Sanofi SA ADR		Legg Mason Inc.		Dow Chemical Co.			
				Charles Schwab Corp.		Vulcan Materials Co.			
				INSURANCE	1.9%	NON TECH BUSINESS SERVICES	1.9%		
				Aegon N.V. ADS		ADT Corporation			
				Genworth Financial Inc. Cl A		McGraw-Hill Cos.			
				MetLife Inc.		Tyco International Ltd.			
						TRANSPORTATION	2.3%		
						FedEx Corp.			
TELECOM	3.8%								
Sprint Nextel Corp.									
Vodafone Group PLC ADS									
Portfolio Total	38.0%		16.9%		21.6%		18.8%		4.7%
S&P 500 Index	25.6%		12.0%		15.6%		28.0%		18.8%
Russell 1000 Value	13.1%		11.5%		27.5%		35.6%		12.3%

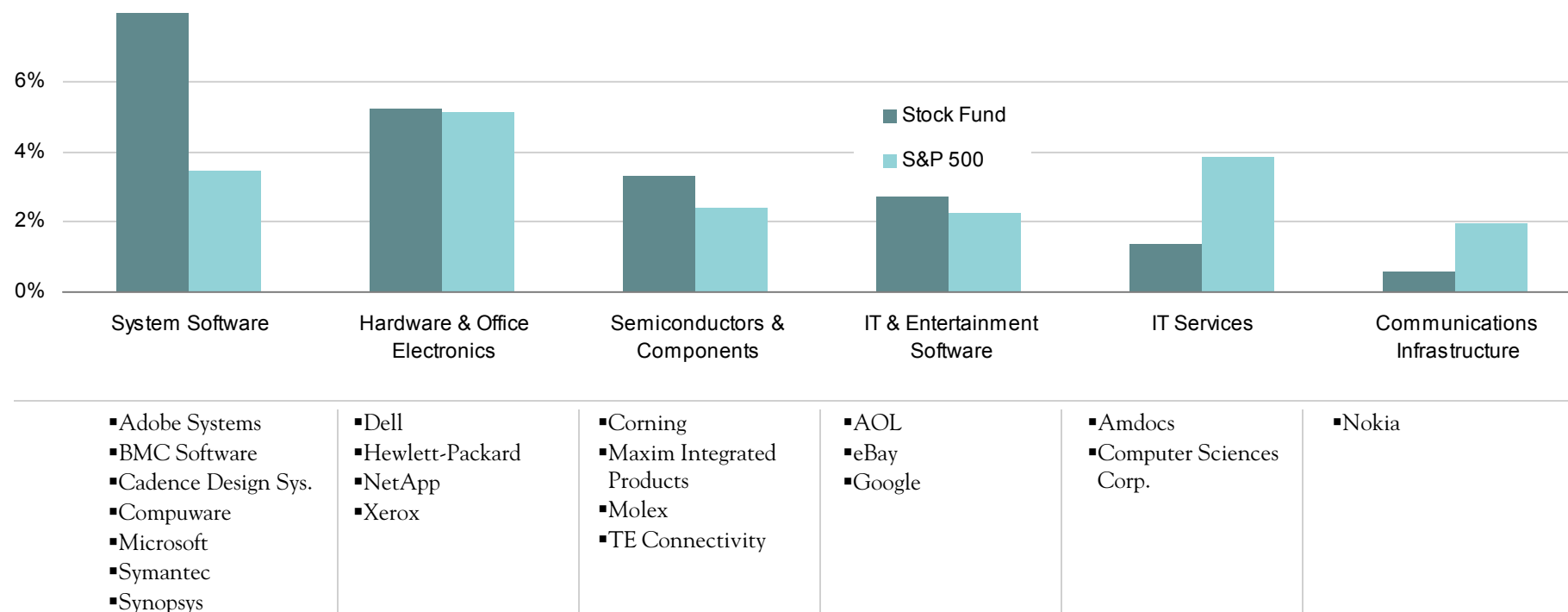
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# Technology: Diversification Within the Sector

December 31, 2012

## Dodge & Cox Stock Fund

### Dodge & Cox Technology Holdings (21.2%) vs. the S&P 500 Index (19.0%)



- Exposure: The Fund is modestly overweight in technology, and well diversified within the sector.
- The Fund also holds these technology-related companies (0.6% total weighting): Sony, Panasonic, and Pitney Bowes.

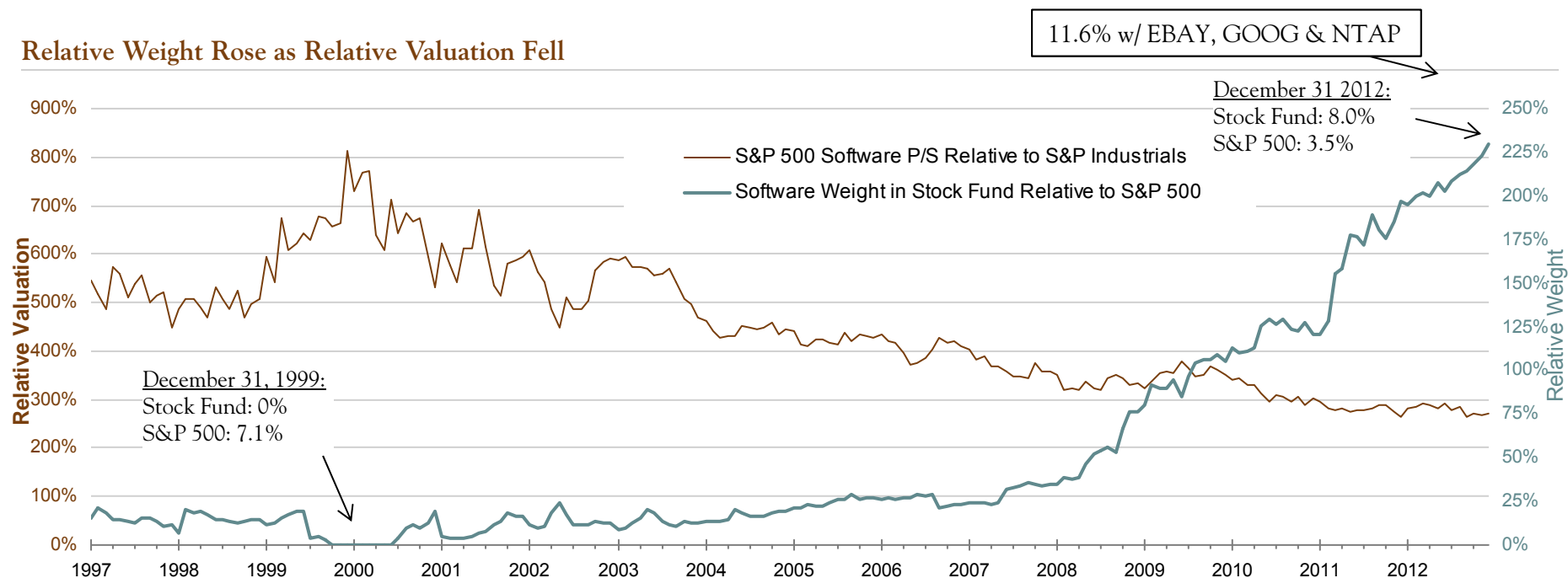
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# Software

December 31, 2012

## Dodge & Cox Stock Fund

### Relative Weight Rose as Relative Valuation Fell



### Observations

- We have found attractive opportunities in software, primarily in enterprise software, and increased the Fund's weighting relative to the S&P 500 as relative valuation has declined.
- Enterprise software includes application and systems software.
- Attractive features include recurring revenues, low capital intensity, high market shares, and defensible positions.

### Current Holdings

- Application Software: 3.1%  
Adobe Systems, Cadence Design Systems, Compuware, Synopsys
- Systems Software: 4.9%  
BMC Software, Microsoft, Symantec

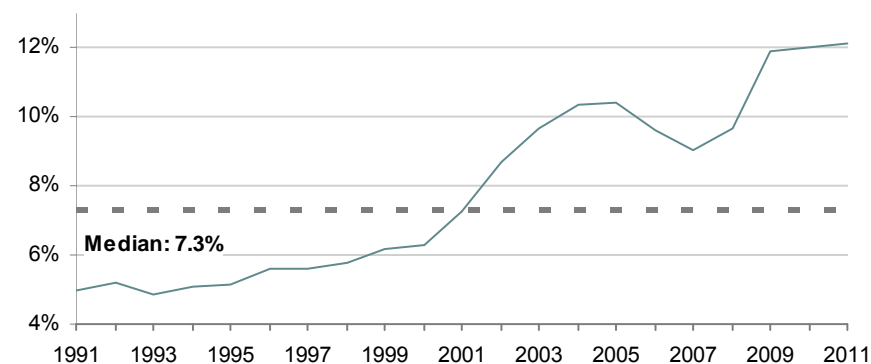
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# Corporate Balance Sheets Are Strong

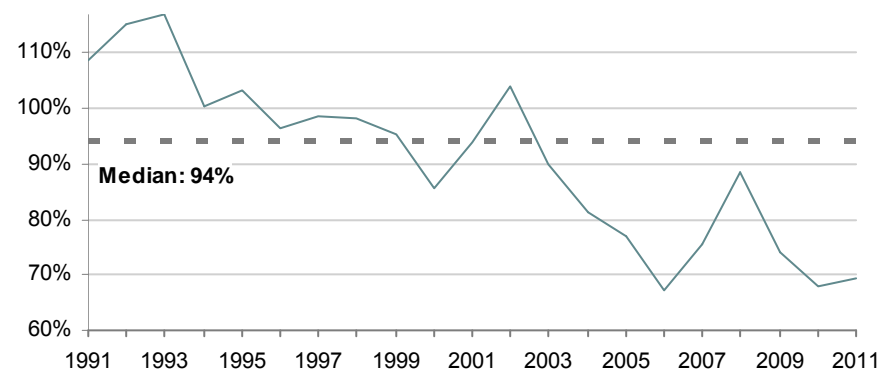
December 31, 2012

## S&P Industrials: 1991 – 2011

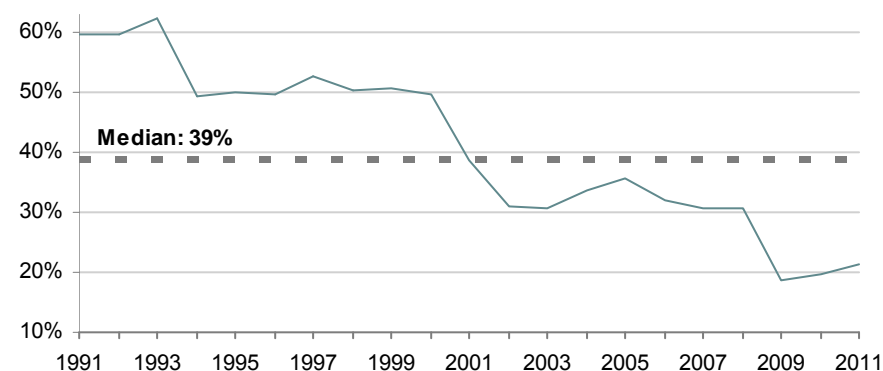
### Cash / Assets



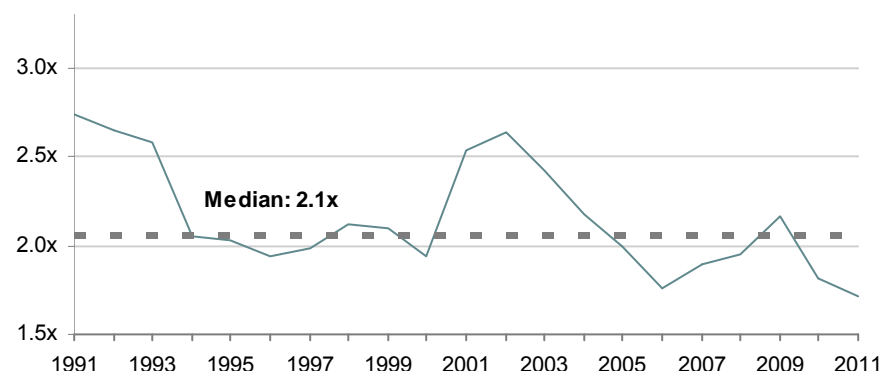
### Total Debt / Total Equity



### Short-Term Debt / Long-Term Debt



### Total Debt / EBITDA

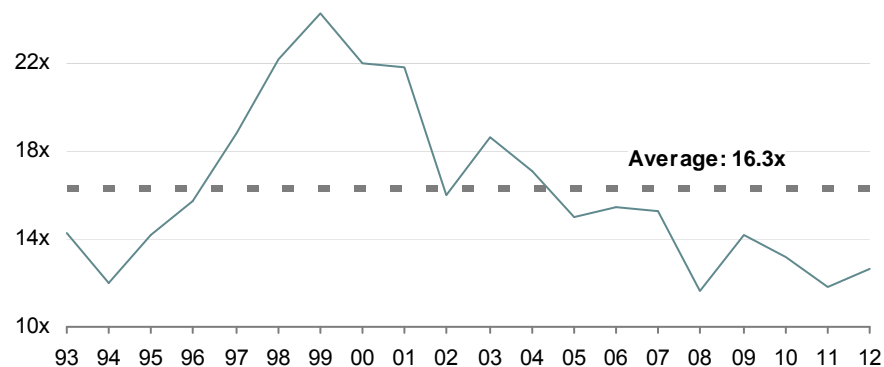


Source: Standard & Poor's. EBITDA is Earnings Before Interest, Taxes, Depreciation, and Amortization. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

# Current Market Environment

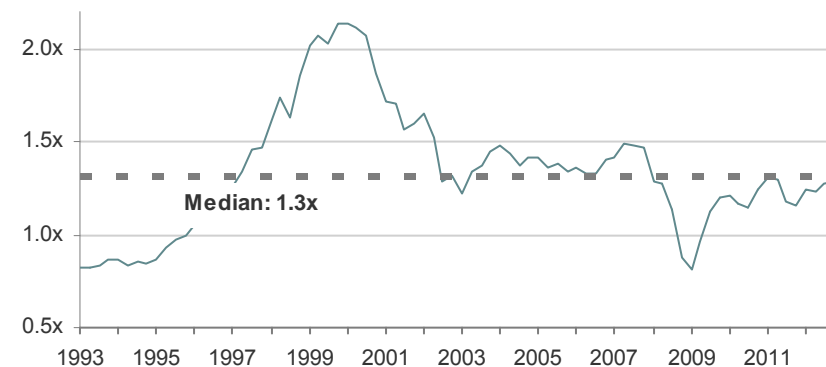
December 31, 2012

S&P 500 Forward Price-to-Earnings: Jan 93 – Dec 12



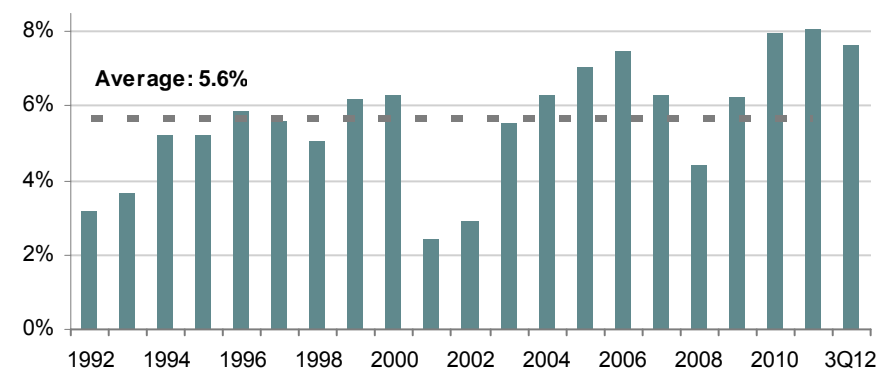
Source: Morgan Stanley.

S&P Industrials Price-to-Sales: Jan 93 – Dec 12



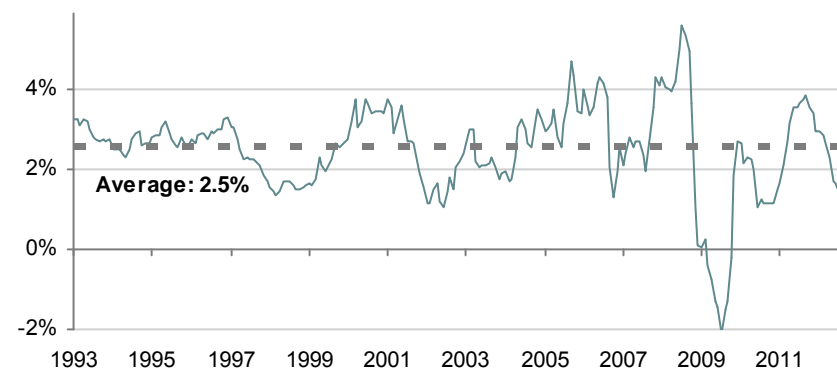
Source: The Leuthold Group.

S&P Industrials Net Profit Margin: Jan 92 – Sept 12



Source: Standard & Poor's.

Consumer Price Index: Jan 93 – Dec 12



Source: Department of Labor.

P/E uses 12-month, forward diluted estimates, including negatives. Net profit margin uses reported diluted EPS. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

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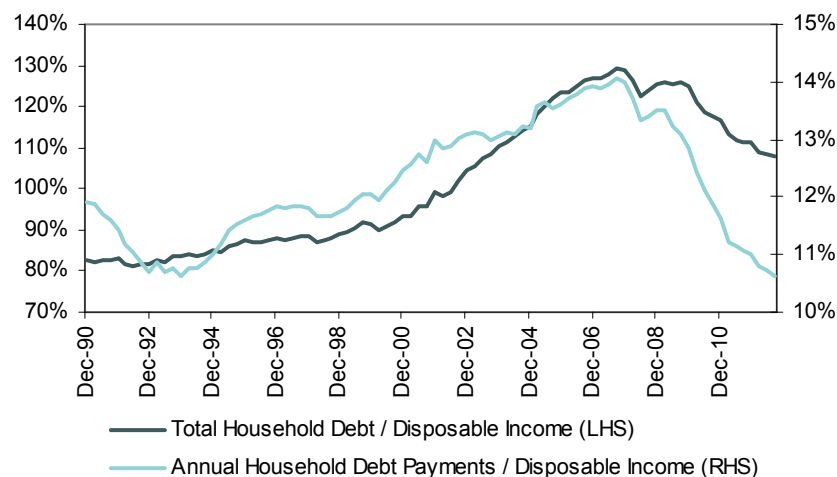
# Supplemental Exhibits

# Economic Environment

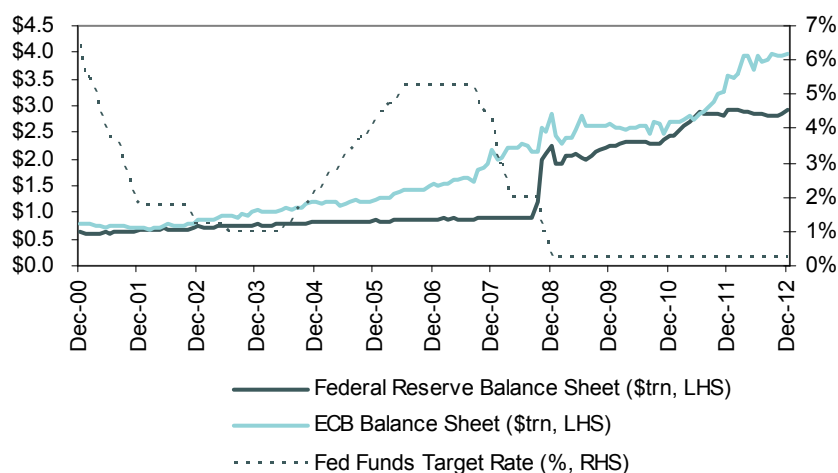
December 31, 2012

*The U.S. economy is growing only modestly, but there are some reasons for longer-term optimism.*

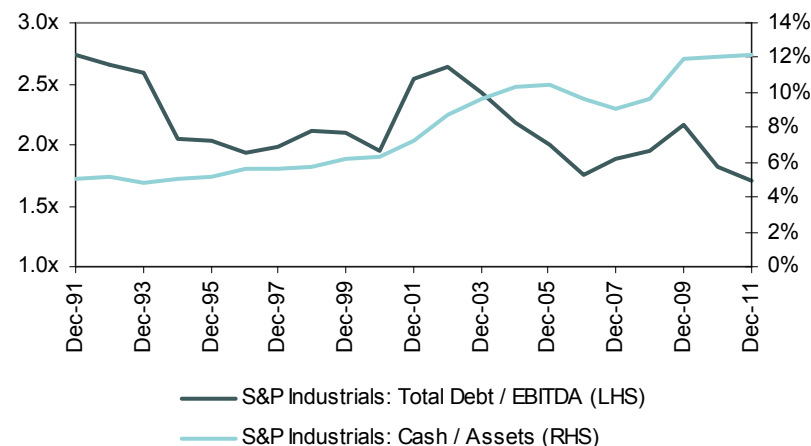
## Much household deleveraging has already taken place.



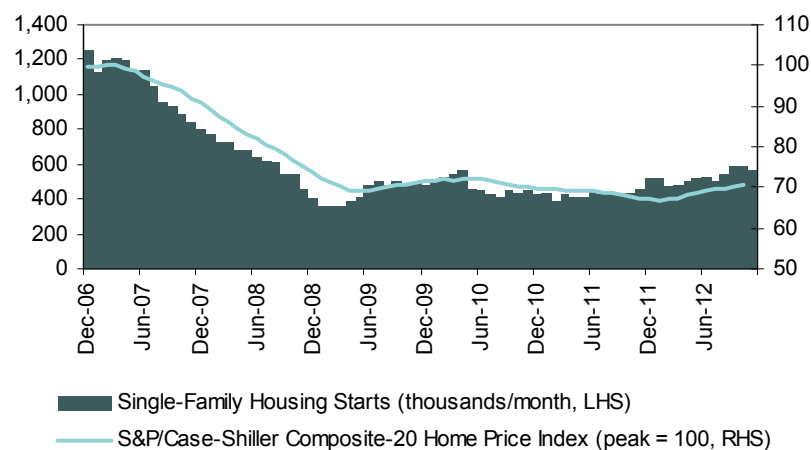
## Central banks are pursuing aggressive monetary policy.



## Solid corporate fundamentals create a base for growth in investment and hiring.



## The housing market appears to have stabilized.



Source: Federal Reserve, Bloomberg. ECB Balance Sheet size includes national central banks within the Eurosystem. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.



# Portfolio Composition by Theme

December 31, 2012

## Stanislaus County Employees Retirement Association-Bond Acct

### U.S. Treasury Securities 13.6%

Various U.S. Treasury Notes	13.6%	<ul style="list-style-type: none"> <li>▪ Generally maintain a lower-than-market weighting</li> <li>▪ Used to control portfolio duration and yield curve exposure</li> <li>▪ Currently maintain lower-than-market duration</li> <li>▪ Increase portfolio yield through holding off-the-run issues</li> </ul>
-----------------------------	-------	---

### Mortgage-Related Securities 29.4%

Seasoned Pass-Throughs	23.3%	▪ Predominantly GSE-guaranteed
Collateralized Mortgage Obligations	3.1%	▪ Yield advantage and total-return potential vs. similar duration alternatives
Fannie Mae D.U.S. Multifamily	0.2%	▪ Emphasize stable average-life investments to provide defensive feature
"Hybrid" ARMs	2.7%	

### Government-Related Securities 8.2%

Small Business Administration PC (504)	1.5%	▪ U.S. Agencies add incremental yield with little added credit risk
California Taxable G.O.	6.7%	▪ Taxable munis provide diversification and compelling risk/reward
Illinois Taxable G.O.		
L.A. School District Taxable G.O.		
New Jersey Turnpike Authority		

### Corporate Securities 46.1%<sup>(a)</sup>

Ally Financial, Inc.	Hewlett-Packard Co.	▪ Seek stable-to-improving corporate credits to build portfolio yield and enhance relative total return potential
American International Group, Inc.	HSBC Holdings PLC	
AT&T, Inc.	JPMorgan Chase & Co.	
Bank of America Corp.	Lafarge SA	▪ Emphasize non-callable and call-protected securities for durability of cash flows and to preserve appreciation potential
Boston Properties, Inc.	Legg Mason, Inc.	
Boston Scientific Corp.	Liberty Interactive Corp.	
Burlington Northern Santa Fe LLC <sup>(b)</sup>	Macy's, Inc.	
Capital One Financial Corp.	News Corp.	
CIGNA Corp.	Nordstrom, Inc.	
Citigroup, Inc.	Norfolk Southern Corp.	
Comcast Corp.	Reed Elsevier PLC	
Covidien PLC	Royal Bank of Scotland PLC	
Cox Communications, Inc.	SLM Corp.	
CSX Corp.	Sprint Nextel Corp.	
Dillard's, Inc.	Telecom Italia SpA	
Dow Chemical Co.	Time Warner Cable, Inc.	
Eaton Corporation PLC	Time Warner, Inc.	
Enel SpA	Union Pacific Corp.	
FedEx Corp.	Unum Group	
Ford Motor Credit Company <sup>(b)</sup>	Vulcan Materials Company	
General Electric Co.	WellPoint, Inc.	
HCA, Inc.	Wells Fargo & Co.	
Health Net, Inc.	Xerox Corp.	

### Asset-Backed Securities 1.3%

Chase Issuance Trust	▪ Add incremental yield with little added credit risk
Various SLM Student Loan Trust Securities (Private Loans)	

### Cash 1.3%

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# Portfolio Holdings by Sector<sup>(a)</sup>

December 31, 2012

## Stanislaus County Employees Retirement Association-Bond Acct Barclays U.S. Aggregate Bond Index

Corporate: Financial Institutions		Corporate: Industrial		Corporate: Utility		Other Sectors			
Banking	12.2 4.4	Basic Industry	1.4 1.1	Technology	1.9 1.0	Electric	0.2 1.6	U.S. Treasuries	13.6 36.4
Ally Financial, Inc. Bank of America Corp. Capital One Financial Corp. Citigroup, Inc. HSBC Holdings PLC JPMorgan Chase & Co. Royal Bank of Scotland PLC Wells Fargo & Co.		Dow Chemical Co.		Hewlett-Packard Co. Xerox Corp.		Enel SpA		Government-Related	8.2 10.3
		Capital Goods	2.2 1.1	Transportation	3.4 0.4	Natural Gas	0.0 0.8	California Taxable G.O. Illinois Taxable G.O. L.A. School District Taxable G.O. New Jersey Turnpike Authority Small Business Administration PC (504)	
Brokerage	0.5 0.2	Consumer Cyclical	5.5 1.5			Other Utility	0.0 0.0	Mortgage-Related	29.4 29.6
Legg Mason, Inc.		Dillard's, Inc. Ford Motor Credit Company <sup>(b)</sup> Macy's, Inc.		Communications	9.0 2.2			ABS/CMBS	1.3 2.2
Finance Companies	2.7 0.7	Nordstrom, Inc. Time Warner, Inc.		AT&T, Inc. Comcast Corp. Cox Communications, Inc. Liberty Interactive Corp.					
General Electric Co. SLM Corp.		Consumer Non-Cyclical	2.8 3.0	News Corp. Reed Elsevier PLC Sprint Nextel Corp. Telecom Italia SpA Time Warner Cable, Inc.				Cash & Cash Equivalents	1.3 0.0
Insurance	2.9 1.2	Boston Scientific Corp. Covidien PLC HCA, Inc.							
		Energy	0.0 1.6	Other Industrial	0.0 0.1				
REITS	1.3 0.5								
Boston Properties, Inc.									
Other Financial	0.0 0.0								
Portfolio Total	19.6			26.3		0.2		53.9	
Benchmark Total	7.0			12.2		2.4		78.5	

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# Below Investment Grade Holdings<sup>(a)</sup>

December 31, 2012

## Stanislaus County Employees Retirement Association-Bond Acct

Issuer <sup>(b)</sup>	Ratings			% of Portfolio	Duration	Yield-to-Worst (%) <sup>(c)</sup>
	Moody's	S&P	Fitch			
Liberty Interactive Corp.	B3	BB	BB	0.29	9.1	7.49
Dillard's, Inc.	B1	BB	BB+	0.30	8.8	7.27
Bank of America capital securities	Ba2	BB+	BB	0.74	12.6	5.68
Royal Bank of Scotland sub notes	NR	BB+	BBB-	0.48	7.6	5.40
Vulcan Materials Company	Ba3	BB	NR	0.57	5.7	4.95
Health Net, Inc.	Ba3	BB	BB	0.31	3.8	4.82
SLM Corp.	Ba1	BBB-	BBB-	1.07	4.0	4.34
Citigroup capital securities	Ba2	BB	BB+	0.82	2.5	4.10
Sprint Nextel Corp.	B3	B+	B+	0.81	3.5	3.59
Ford Motor Credit Company <sup>(d)</sup>	Baa3	BB+	BBB-	1.75	4.8	2.91
HCA, Inc.	B3	B-	B+	1.47	2.1	2.86
Lafarge SA	Ba1	BB+	BB+	1.31	2.7	2.69
Ally Financial, Inc.	B1	B+	BB-	1.59	1.1	1.87
Total Weighted Average					4.2	3.66

### Total Portfolio Weightings (%)

Highest (Moody's/S&P/Fitch)	8.22
Middle (Moody's/S&P/Fitch)	8.70
Lowest (Moody's/S&P/Fitch)	11.52

<sup>(a)</sup>Weighted average statistics. <sup>(b)</sup>Except as noted, investments grouped by parent company. Actual securities may be issued by the listed parent company or one of its subsidiaries. <sup>(c)</sup>Yield and principal value fluctuate with market conditions. <sup>(d)</sup>Subsidiary.

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# Ten Largest Credit Holdings<sup>(a)</sup>

December 31, 2012

## Stanislaus County Employees Retirement Association-Bond Acct

Issuer <sup>(b)</sup>	% of Portfolio	Duration	Yield-to-Worst (%) <sup>(c)</sup>	Ratings		
				Moody's	S&P	Fitch
California Taxable G.O.	3.56	13.1	4.61	A1	A-	A-
Bank of America Corp.	2.57	6.9	3.44	Baa3	BBB+	BBB
Citigroup, Inc.	2.53	2.0	2.69	Baa3	BBB	BBB+
Illinois Taxable G.O.	1.79	3.8	2.37	A2	A	A
Ford Motor Credit Company <sup>(d)</sup>	1.75	4.8	2.91	Baa3	BB+	BBB-
Time Warner, Inc.	1.72	11.5	4.57	Baa2	BBB	BBB
General Electric Co.	1.59	6.3	2.68	A1	AA+	NR
Time Warner Cable, Inc.	1.59	5.2	2.51	Baa2	BBB	BBB
Ally Financial, Inc.	1.59	1.1	1.87	B1	B+	BB-
HSBC Holdings PLC	1.58	12.4	4.38	A2	A-	A+
<b>Portfolio Weight of Ten Largest Credit Holdings</b>	<b>20.28</b>					

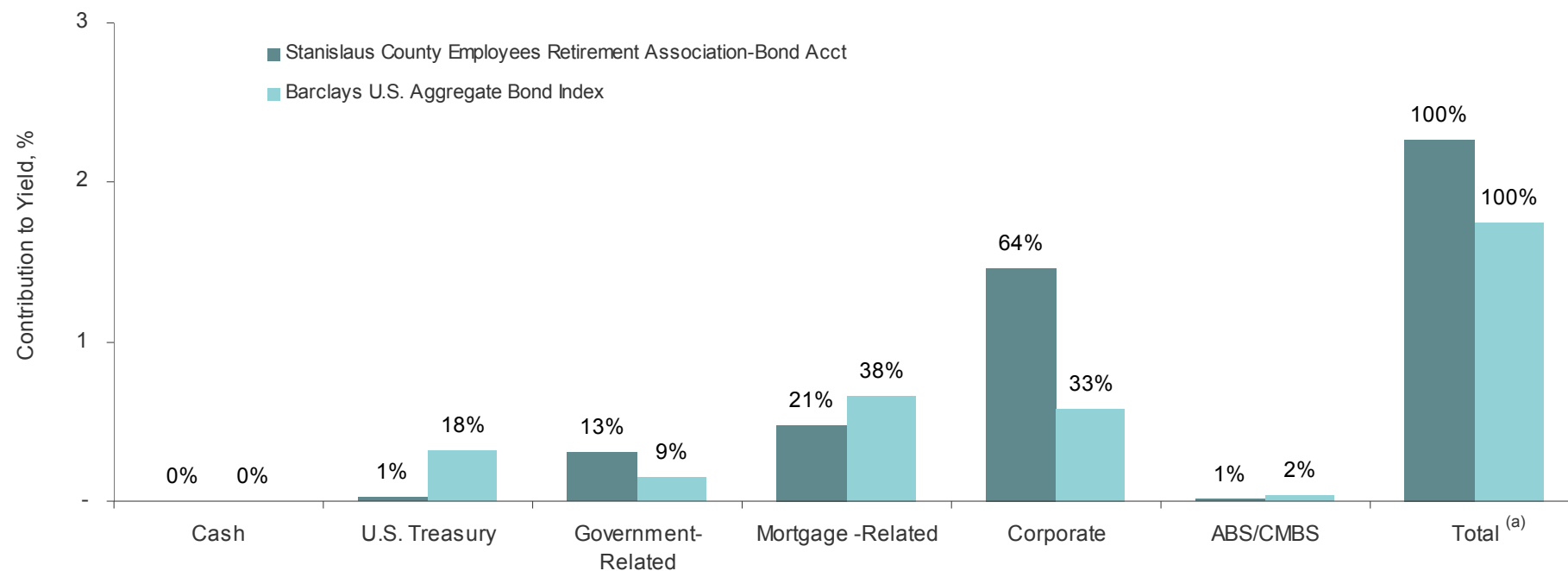
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# Contribution to Yield (by Sector)

December 31, 2012

## Stanislaus County Employees Retirement Association-Bond Acct



Weight (%)	1.31	0.00	13.62	36.42	8.22	10.26	29.41	29.61	46.10	21.51	1.34	2.17	100.00	100.00
Yield (%)	0.01	0.00	0.16	0.86	3.67	1.49	1.60	2.22	3.14	2.71	0.90	1.58	2.26	1.74
Contribution to Yield <sup>(b)</sup>	0.00	0.00	0.02	0.31	0.30	0.15	0.47	0.66	1.45	0.58	0.01	0.03	2.26	1.74

<sup>(a)</sup>Yield and principal value fluctuate with market conditions. <sup>(b)</sup>Contribution to Yield = Portfolio weightings (%) x Yield to Worst (%).

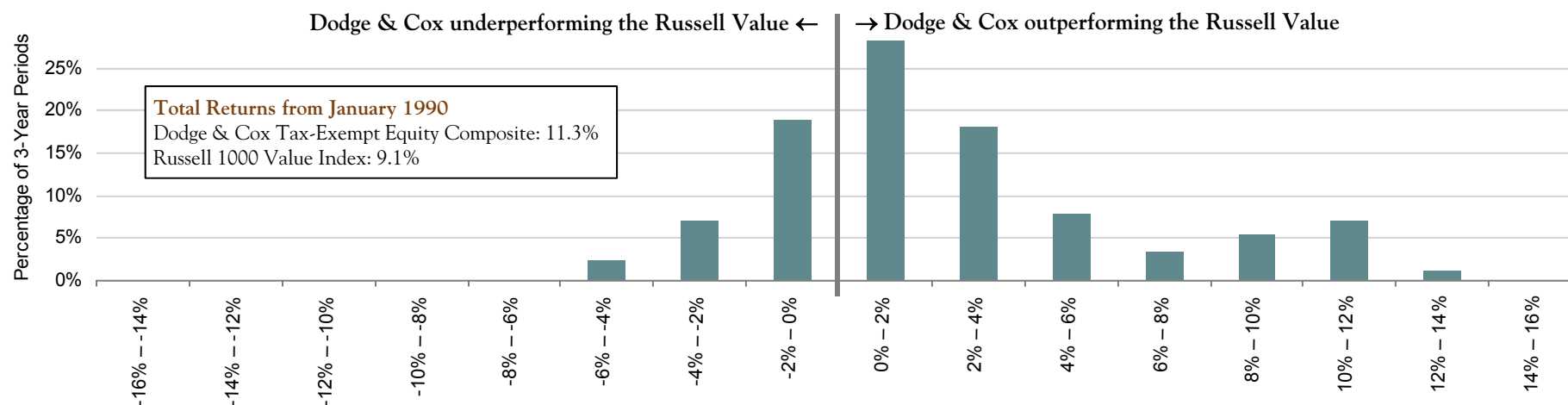
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# Long-Term Record

December 31, 2012

Our investment philosophy has led to outperformance over several market cycles

## Distribution of 3-Year Return Differences: Tax-Exempt Equity Composite Returns (Gross of Fees) Less Russell 1000 Value Index Returns



## Frequency of Dodge & Cox Outperformance

	Since 1990	Last 10 Years	Last 5 Years
<b>Number of 3-year periods:</b>	241	120	60
Percentage of periods with Dodge & Cox outperformance:	71%	75%	50%
Mean return differential (annualized):	2.3%	2.1%	-0.2%
<b>Number of 5-year periods:</b>	217	120	60
Percentage of periods with Dodge & Cox outperformance:	71%	66%	32%
Mean return differential (annualized):	2.5%	3.0%	-0.1%
<b>Number of 10-year periods:</b>	157	120	60
Percentage of periods with Dodge & Cox outperformance:	100%	100%	100%
Mean return differential (annualized):	3.3%	3.5%	2.9%

### What followed underperformance?

Of the 3-year periods of underperformance since January 1990, Dodge & Cox beat the index in the subsequent 3-year period 95% of the time.

Returns represent past performance and do not guarantee future results.

Audited returns for the Dodge & Cox tax-exempt equity composite begin in January 1990. Periods are in rolling monthly increments, with the first 3-year period ending 12/92 and the last period ending 12/12. For analysis of subsequent returns, all periods with subsequent 3-year performance were reviewed, through the period ending 12/09. Dividends are reinvested. Returns represent past performance and do not guarantee future results. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by advisory fees and other expenses incurred in the management of your account. For example, if an annual management fee of .60% were deducted quarterly from your account, a ten-year annualized cumulative composite return of 10.00% would be reduced by .64% to 9.36%. Information on Dodge & Cox investment advisory fees can be found in its Form ADV Part 2A. This exhibit supplements and must be accompanied or preceded by Dodge & Cox's Tax-Exempt Equity Composite.

# Summary of Transactions

One Year Ending December 31, 2012

## Stanislaus County Employees Retirement Association – Equity

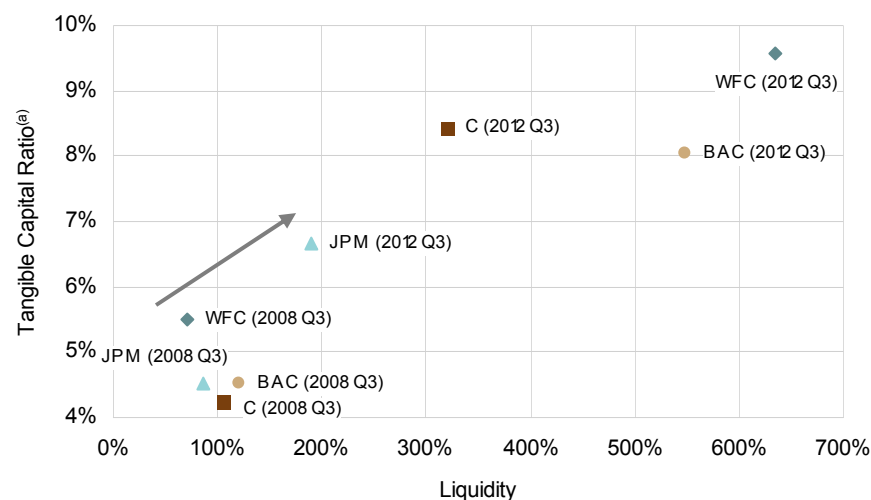
	New Purchases	Significant Additions	Sales	Significant Trims
Energy		BAKER HUGHES INC		CHEVRON CORP
Materials		CELANESE CORP-SERIES A	CEMEX SAB-SPONS ADR PART CER	
Industrials			PENTAIR LTD-REGISTERED	
Consumer Discretionary	J.C. PENNEY CO INC		HOME DEPOT INC LOWE'S COS INC LIBERTY VENTURES - RTS LIBERTY VENTURES - SER A	COMCAST CORP-CLASS A NEWS CORP-CL A
Consumer Staples				WAL-MART STORES INC
Health Care	CIGNA CORP		AMGEN INC	PFIZER INC
Finance	JPMORGAN CHASE & CO METLIFE INC	SCHWAB (CHARLES) CORP		CREDIT SUISSE GROUP-SPON ADR
Information Technology	DELL INC AMDOCS LTD GOOGLE INC-CL A	ADOBE SYSTEMS INC HEWLETT-PACKARD CO MICROSOFT CORP NETAPP INC	EQUINIX INC	EBAY INC MAXIM INTEGRATED PRODUCTS
Telecommunication Services		SPRINT NEXTEL CORP		VODAFONE GROUP PLC-SP ADR

The above is not a complete analysis of every material fact concerning the securities described. The information provided is historical, does not predict future results or profitability and is subject to change without notice. Opinions expressed are subject to change without notice. This is not a recommendation to buy or sell any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings, which are subject to change at any time without notice.

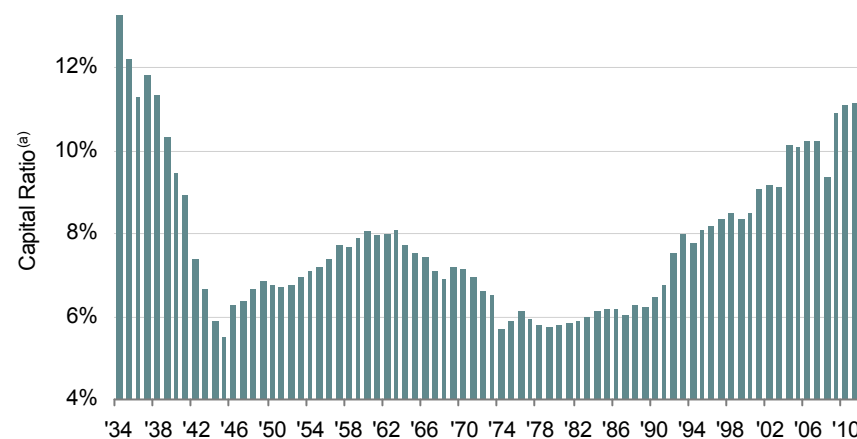
# Financial Services: 2008 vs. 2012

December 31, 2012

## Major Banks' Capital Ratios and Liquidity Have Improved



## Capital Ratios for U.S. Commercial Banks Are Rebounding



Concerns during both periods included: a slowing economy, a fear of financial crisis in Europe, and the uncertain regulatory impact.

Differences:	Third Quarter 2008	Third Quarter 2012
Credit Quality	Deteriorating loss rates; average-to-low reserves for losses	Improving; high reserves for losses
Capital Levels	Declining as credit losses rose	Highest since the 1940s, and improving
Liquidity	Low cash, limited government protection	Lots of cash, very liquid, increased government insurance on deposits
Valuation	Moderate: 0.7–1.8x price-to-book ratio	Attractive: 0.5–1.4x price-to-book ratio

Source: Capital IQ, FDIC. <sup>(a)</sup>For chart at left, tangible capital ratio is tangible equity divided by tangible assets. Liquidity is (cash, treasuries, and agency securities) divided by (commercial paper and short-term debt). For chart at right, capital ratio is equity divided by assets, which is the only annual capital ratio calculation available from 1934. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.



# Financial Services

December 31, 2012

## Dodge & Cox Tax-Exempt Equity Composite

### Opportunities

- Depressed valuations
- Leverage to improving economy, lower credit losses, lower expenses, better loan and revenue growth, higher margins
- Increasing market share
- Industry-leading technology platforms

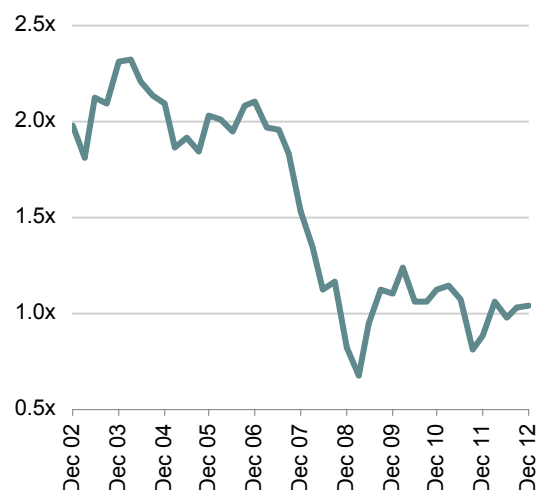
### Industry Risks

- Impact of regulatory reform
- Extended low interest rate environment
- Weaker than expected economy
- Potential for additional equity dilution if more capital is needed

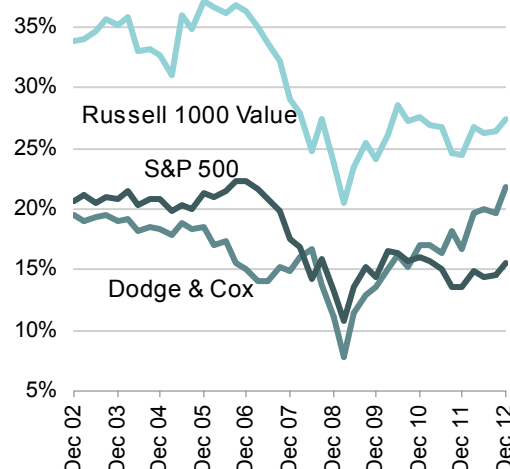
### Holdings

- Diversified Financial Services:  
*Bank of America, Bank of New York Mellon, Capital One, JPMorgan Chase, Legg Mason*
- Banks: *BB&T, HSBC, SunTrust, Wells Fargo*
- Capital Markets / REITs: *Charles Schwab, Credit Suisse, Goldman Sachs*
- Insurance: *Aegon, Genworth Financial, MetLife*

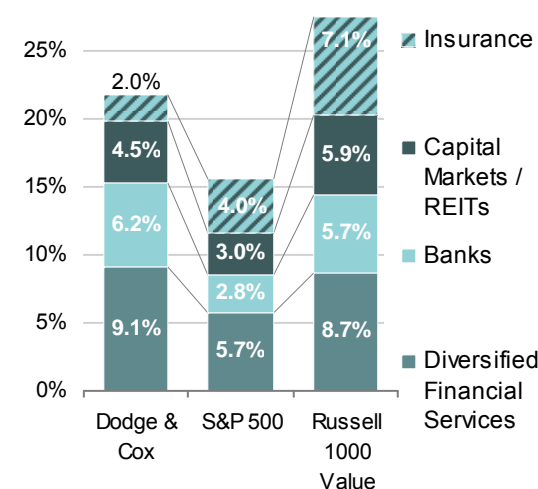
### Declining Valuations: S&P 500 Financials Price-to-Book Ratio



### Financials Weighting: Dodge & Cox vs. Indexes



### Industries Within Financials: Comparative Weighting



Source: FactSet. Weightings are from a composite of Dodge & Cox tax-exempt equity accounts managed without restrictions, and exclude cash. Securities rounding to less than 0.1% are excluded. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. This exhibit supplements and must be accompanied or preceded by Dodge & Cox's Tax-Exempt Equity Composite.

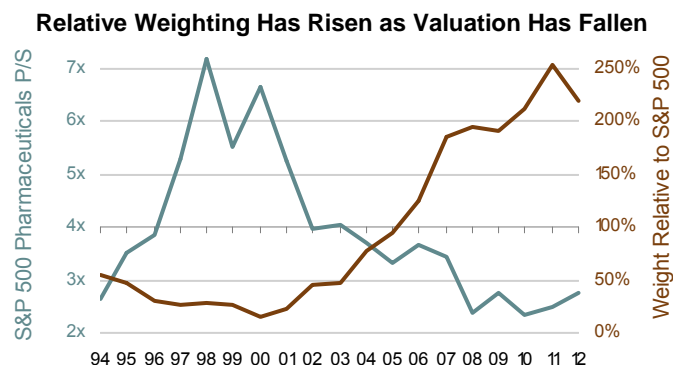
# Pharmaceuticals: Finding Investment Value

December 31, 2012

## Dodge & Cox Tax-Exempt Equity Composite

### Investment Thesis:

- Extremely low valuations, along with strong balance sheets, high free cash flow, and cost-cutting opportunities help mitigate investment risk



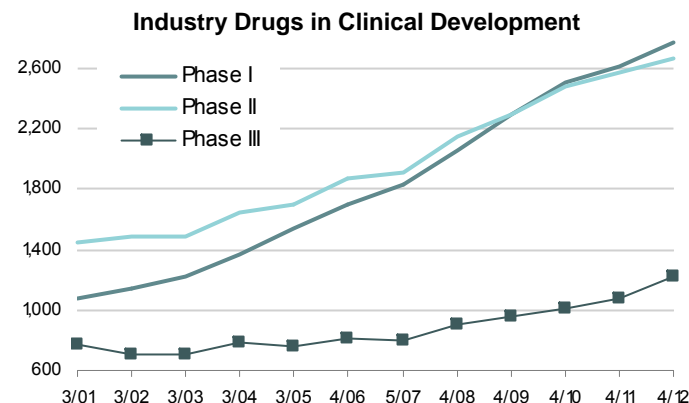
- Long-term growth opportunity in emerging markets

	<u>Percent of Sales from Emerging Markets</u>
Sanofi	30%
Roche	26%
Novartis	25%
GlaxoSmithKline & Pfizer	19%
Merck	18%

### Risks:

- Drug reimbursement, especially from government buyers
- Innovation is not successful
- Expensive M&A
- Biosimilar competition

- Investment in innovation



- Big Pharma expertise essential to new product success

- Drug development
- Regulatory approval
- Sales and marketing

### Understanding Risk:

- Due diligence trips to Washington, D.C.
- Downside scenarios incorporate severe price cuts
- Regular meetings with branded and generic competitors
- Regular meetings with physicians to explore product markets

Source: Bank of America Merrill Lynch and FactSet. Weightings are from a composite of Dodge & Cox tax-exempt equity accounts managed without restrictions, and exclude cash. Securities rounding to less than 0.1% have been excluded. Emerging market sales from company reports and Dodge & Cox estimates. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. This exhibit supplements and must be accompanied or preceded by Dodge & Cox's Tax-Exempt Equity Composite.

# Foreign Exposure in a Domestic Portfolio

December 31, 2012

## Dodge & Cox Stock Fund

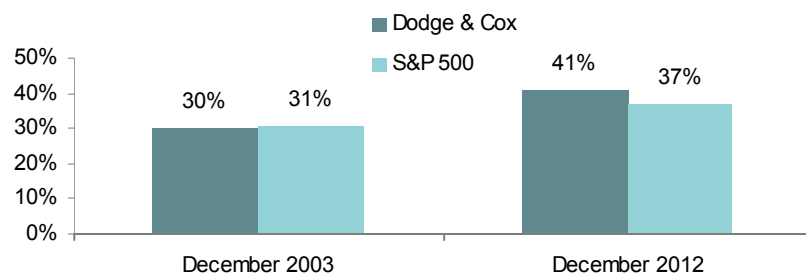
### Foreign Holdings Not in the S&P 500 Index (16.4% of Fund)

	Non-U.S. Sales (%)	Fund Weight (%)
<b>Europe</b>		<b>15.8%</b>
Sanofi (France)	70%	3.3%
Novartis (Switzerland)	69%	3.0%
GlaxoSmithKline (UK)	70%	2.8%
Roche (Switzerland)	71%	2.3%
Aegon (Netherlands)	58%	1.0%
Vodafone (UK)	69%	0.8%
Philips Electronics (Netherlands)	69%	0.7%
HSBC (UK)	79%	0.7%
Nokia (Finland)	95%	0.6%
Unilever (UK)	67%	0.5%
Credit Suisse (Switzerland)	65%	0.1%
<b>Asia</b>		<b>0.6%</b>
Panasonic (Japan)	90%	0.4%
Sony (Japan)	81%	0.2%

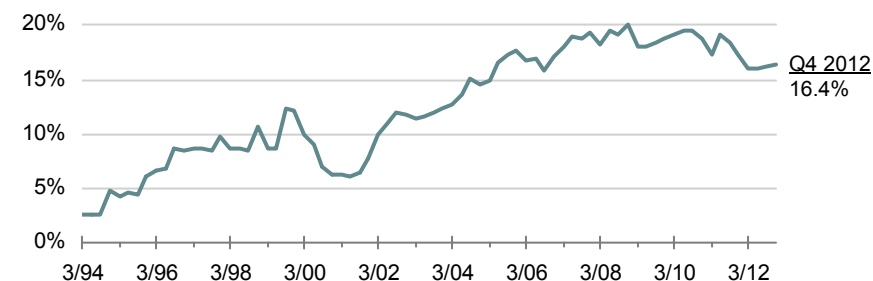
### U.S. Holdings With Non-U.S. Sales > 50% (27.7% of Fund)

	Non-U.S. Sales (%)	Fund Weight (%)
Merck	57%	3.1%
General Electric	54%	2.9%
Pfizer	60%	2.7%
Hewlett-Packard	66%	2.5%
Schlumberger	67%	2.4%
Symantec	57%	1.6%
Baker Hughes	54%	1.5%
eBay	52%	1.4%
Dow Chemical	67%	1.4%
TE Connectivity	72%	1.3%
Adobe	57%	1.3%
Celanese	73%	1.0%
Synopsys	54%	1.0%
Chevron	57%	0.9%
Maxim Integrated Products	85%	0.8%
Corning	79%	0.6%
Dell	51%	0.4%
Cadence Design Systems	57%	0.4%
Tyco International	52%	0.4%
Liberty Global	99%	0.3%

### Percentage of Company Sales from Outside the United States



### Fund Assets in Foreign Holdings Not in the S&P 500 Index

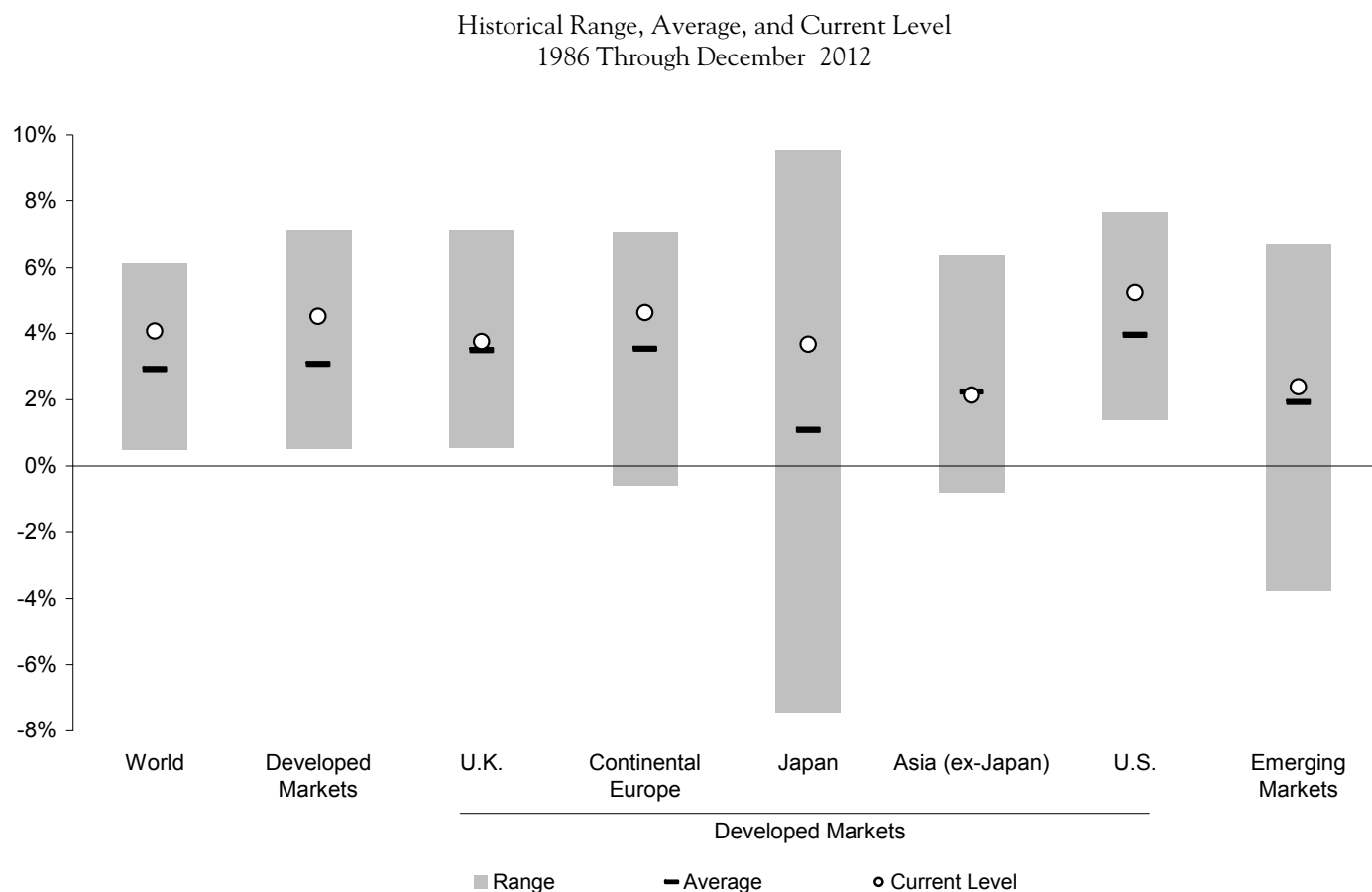


Source: Bloomberg LP, FactSet. Foreign holdings are non-U.S. incorporated but U.S. dollar-denominated. The above is not a complete analysis of every material fact concerning any market, industry or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. The information provided is historical and does not predict future results or profitability. This is not a recommendation to buy, sell, or hold any security and is not indicative of Dodge & Cox's current or future trading activity. The securities identified do not represent an account's entire holdings. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

# Valuations Are Attractive

December 31, 2012

## Nominal Free Cash Flow Yield by Region<sup>(a)</sup>



<sup>(a)</sup> Companies in the Empirical Research universe. Market capitalization-weighted data excluding Financials. Emerging Markets since 1992.

Source: Empirical Research. The above information is not a complete analysis of every material fact concerning any market, industry, or investment. Data has been obtained from sources considered reliable, but Dodge & Cox makes no representations as to the completeness or accuracy of such information. Opinions expressed are subject to change without notice. Before investing in any Dodge & Cox Fund, you should carefully consider the Fund's investment objectives, risks, and management fees and other expenses. To obtain a Fund's prospectus and summary prospectus, which contain this and other important information, visit [www.dodgeandcox.com](http://www.dodgeandcox.com) or call 800-621-3979. Please read the prospectus and summary prospectus carefully before investing.

# Dodge & Cox Equity Tax-Exempt Composite

December 31, 2012

## Total Rates of Return (%) (Gross of Fees)

	Annual Returns for Years Ended December 31,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Composite	35.21	20.00	9.57	19.05	0.64	-41.99	31.39	14.17	-3.29	22.19
S & P 500 Index †	28.67	10.86	4.90	15.79	5.51	-36.99	26.45	15.06	2.12	15.99
Russell 1000 Value Index †	30.03	16.48	7.07	22.21	-0.18	-36.84	19.69	15.51	0.39	17.50

	Annualized Cumulative Returns for Periods Ended December 31, 2012									
	10 YRS	9 YRS	8 YRS	7 YRS	6 YRS	5 YRS	4 YRS	3 YRS	2 YRS	1 YR
Total Composite	8.16	5.51	3.82	3.03	0.57	0.56	15.39	10.50	8.71	22.19
S & P 500 Index †	7.10	4.94	4.22	4.12	2.29	1.66	14.58	10.87	8.83	15.99
Russell 1000 Value Index †	7.38	5.12	3.78	3.31	0.46	0.59	13.01	10.86	8.61	17.50

	Statistics (\$ millions) at December 31,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Number of Accounts	176	178	184	192	185	165	160	146	137	120
Ending Market Value (\$)	17,154	20,985	22,823	26,075	23,520	12,554	14,928	14,993	13,094	12,983
Average Account Size (\$)	97	118	124	136	127	76	93	103	96	108
Median Account Size (\$)	47	52	58	55	56	33	41	45	45	52
Standard Deviation (%)	0.9	0.4	0.3	0.4	0.3	0.9	1.5	0.5	0.5	0.3
Total Firm Assets (\$)	107,993	142,904	166,407	212,314	235,754	143,179	172,461	189,356	174,948	189,510
% of Total Firm Assets (%)	15.9	14.7	13.7	12.3	10.0	8.8	8.7	7.9	7.5	6.9

† This information is not covered by the report of independent accountants.

Dodge & Cox claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Dodge & Cox has been independently verified for annual periods since 12/31/1991. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Page 1 of 2

# Dodge & Cox Equity Tax-Exempt Composite

December 31, 2012

## Notes to the Composite

1. The Equity Tax-Exempt Composite is comprised of equity accounts that are managed free of tax constraints. The accounts are invested in diversified portfolios of common and preferred stocks. The accounts' objectives are to seek long-term growth of principal and income.
2. This composite was created on January 1, 1993.
3. Dodge & Cox, an independent investment adviser registered under the Investment Advisers Act of 1940, is an autonomous investment firm for purposes of determining the Total Firm Assets under management and firmwide compliance.
4. Cash reserves and equivalents are included in the Total Composite returns. Segments of multiple-asset portfolios are not included in this composite.
5. Valuations and performance are computed in U.S. dollars.
6. Performance is generally reported gross of withholding tax on dividends, interest income and capital gains.
7. Performance figures do not reflect the deduction of investment advisory fees and other expenses. Returns will be reduced by the advisory fees and other expenses incurred in the management of the accounts.  
For example, if an annual management fee of 0.60% were deducted quarterly from each account, a ten year annualized cumulative composite return of 10.00% would be reduced by 0.64% to 9.36%.  
Information on Dodge & Cox investment advisory fees can be found in its Form ADV, Part 2A.
8. Unmanaged indices shown for comparative purposes do not reflect the deduction of any fees.
9. This report may only be presented to prospective clients on a one-on-one basis.
10. The performance data represents past performance; the results shown should not be considered as a representation of gain/loss which may be realized from an investment made today.
11. A complete list and description of all Dodge & Cox composites, as well as additional information regarding policies for calculating and reporting returns, is available upon request.
12. Accounts with asset size below \$4,000,000 prior to October 1, 2001 and \$5,000,000 thereafter are excluded from the composite.
13. The Annualized Cumulative Rate of Return is equivalent to the annual rate of return which, if earned in each year of the indicated multi-year period, would produce the actual cumulative rate of return over the entire period.
14. Total Firm Assets are calculated at a point in time.
15. Results include accounts present for the entire measurement period, except for accounts subject to material client restrictions. The measurement period is defined as a full quarter prior to January 1, 2000 and as a full month thereafter.
16. Before January 1, 2005, trade date accounting was utilized except for a maximum of 10% or less of accounts which used settlement date accounting, at the client's request.
17. Current annual fees for Equity Accounts are:
  - 0.60% on the first \$25 million
  - 0.40% thereafter
18. 3 year annualized standard deviation at 12/31/2012
  - Total Composite: 17.5
  - S & P 500 Index: 15.3 †
  - Russell 1000 Value: 15.7 †

# Investment Policy Committee

Slide 1 of 2

**Philippe Barret, Jr. (I)** – *Vice President*. Mr. Barret received his B.A. degree (magna cum laude) from Washington and Lee University in 1998 and his M.B.A. degree from the Stanford Graduate School of Business in 2004. Between degrees, he worked as a financial analyst at JP Morgan and American Securities Capital Partners, LLC. Mr. Barret joined Dodge & Cox in 2004. He is a shareholder of the firm and a CFA charterholder.

**Wendell W. Birkhofer (I,P)** – *Vice President*. Mr. Birkhofer received his B.A. degree from Stanford University in 1978 and his M.B.A. from the Stanford Graduate School of Business in 1987. Prior to entering the M.B.A. program, he worked for six years with Wen Birkhofer & Co., an investment broker dealer firm in Los Angeles. He joined Dodge & Cox in 1987. Mr. Birkhofer is a former member of the Board of Governors of the Investment Adviser Association. He is a shareholder of the firm, a CFA charterholder, and a Chartered Investment Counselor.

**Bryan Cameron (I,IP,P)** – *Senior Vice President and Director of Research*. Mr. Cameron received his B.A. degree in Economics from the University of California, Davis in 1980 and his M.B.A. from the Stanford Graduate School of Business in 1983. Mr. Cameron worked for Dodge & Cox for one year before entering the M.B.A. program and rejoined the firm in 1983. He is a shareholder of the firm and a CFA charterholder.

**John A. Gunn (I,IP,G)** – *Chairman Emeritus*. Mr. Gunn graduated from Stanford University in 1966 and received his M.B.A. from the Stanford Graduate School of Business in 1972. He joined Dodge & Cox in 1972. He is a Trustee of the Dodge & Cox Funds. Mr. Gunn is a former member of the Board of Governors of the CFA Institute. He is a Director and shareholder of the firm, a CFA charterholder, and a Chartered Investment Counselor.

**David C. Hoeft (I)** – *Senior Vice President and Associate Director of Research*. Mr. Hoeft received his B.A. degree (Phi Beta Kappa) from the University of Chicago in 1989 and his M.B.A. from the Harvard Business School in 1993. Prior to entering graduate school, he worked for two years as a consultant to the energy industry. He joined Dodge & Cox in 1993. He is a Director and shareholder of the firm and a CFA charterholder.

**Kenneth E. Olivier (I)** – *Chairman and Chief Executive Officer*. Mr. Olivier graduated from Stanford University in 1974. He received a J.D. degree from the University of California, Hastings College of Law in 1977 and his M.B.A. from the Harvard Business School in 1979. He is Chairman, President, and a Trustee of the Dodge & Cox Funds. Mr. Olivier is a past president of the CFA Society of San Francisco, and a member of the American Bar Association and the California Bar Association (inactive). He joined Dodge & Cox in 1979 and is a Director and shareholder of the firm, a CFA charterholder, and a Chartered Investment Counselor.

**Charles F. Pohl (I,IP,G,F)** – *Co-President and Chief Investment Officer*. Mr. Pohl received his B.A. degree in 1980 and his M.B.A. degree in 1981 from the University of Chicago. He was with Wells Fargo Investment Advisors from 1981 until joining Dodge & Cox in 1984. Mr. Pohl is a Senior Vice President of the Dodge & Cox Funds. He is a Director and shareholder of the firm and a CFA charterholder.

**Gregory R. Serrurier (I,IP,P)** – *Senior Vice President*. Mr. Serrurier received his B.S. degree in 1979 from Oregon State University and his M.B.A. from the Stanford Graduate School of Business in 1984. He joined Dodge & Cox in 1984. He is a shareholder of the firm, a CFA charterholder, and a Chartered Investment Counselor.

I = Member of Investment Policy Committee

F = Member of Fixed Income Investment Policy Committee

IP = Member of International Investment Policy Committee

G = Member of Global Investment Policy Committee

P = Private Client Group Policy Committee

# Investment Policy Committee

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Slide 2 of 2

**Diana S. Strandberg** (I,IP,G) – *Senior Vice President and Director of International Equity*. Ms. Strandberg graduated from the University of California, Berkeley (Phi Beta Kappa) in 1981 and received her M.B.A. degree from the Harvard Business School in 1986. After two years as a securities analyst at the First Boston Corporation, she joined Dodge & Cox in 1988. Ms. Strandberg is a Senior Vice President of the Dodge & Cox Funds. She is a Director and shareholder of the firm and a CFA charterholder.

**Steven C. Voorhis** (I,G) – *Vice President*. Mr. Voorhis received his B.A. and M.A. degrees from Stanford University in 1992 and his M.B.A from the Harvard Business School in 1996. Prior to graduate school, he worked at Goldman Sachs as a financial analyst. He joined Dodge & Cox in 1996. Mr. Voorhis is a shareholder of the firm and a CFA charterholder.

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# Fixed Income Investment Policy Committee

Slide 1 of 2

**Anthony J. Brekke** (F) – *Vice President*. Mr. Brekke received his B.A. degree from the University of Iowa in 1997 and his M.B.A. degree from the Haas School of Business at the University of California, Berkeley in 2003. Prior to entering the Haas School, he worked for four years as an auditor with the National Futures Association. He joined Dodge & Cox in 2003. Mr. Brekke is a shareholder of the firm and a CFA charterholder.

**James H. Dignan** (F) – *Vice President*. Mr. Dignan received his A.B. from Columbia University in 1991 in Philosophy / Economics. He received an M.A. in Economics from New York University in 1994 and his M.B.A. from Northwestern's J.L. Kellogg Graduate School of Management in 1996. Prior to joining Dodge & Cox in 1999, he worked in portfolio management for Fannie Mae. Mr. Dignan is a shareholder of the firm and a CFA charterholder.

**Thomas S. Dugan** (F) – *Senior Vice President and Associate Director of Fixed Income*. Mr. Dugan received his B.A. from Brown University in 1987 and his M.B.A. from the University of California, Berkeley in 1992. Before graduate school he worked as a fixed income securities trader for J.P. Morgan Securities. Prior to joining Dodge & Cox in 1993, he worked in the Czech Republic as an advisor to a Czech investment fund. Mr. Dugan is a Director and shareholder of the firm and a CFA charterholder.

**Dana Morton Emery** (F) – *Co-President and Director of Fixed Income*. Ms. Emery received her B.A. degree from Stanford University in 1983. She joined Dodge & Cox in 1983. Ms. Emery is a Senior Vice President and a Trustee of the Dodge & Cox Funds. She is a Director and shareholder of the firm, a CFA charterholder, and a Chartered Investment Counselor.

**Lucinda I. Johns** (F) – *Vice President*. Ms. Johns received her B.A. degree (magna cum laude) from Williams College in 1996 and her M.B.A. degree from the UCLA Anderson School of Management in 2004. Prior to graduate school, she worked for approximately two years each at Merrill Lynch as a financial analyst, Dodge & Cox as a research assistant, and NBC Internet as a Senior Product Manager. Ms. Johns rejoined Dodge & Cox in 2004. She is a shareholder of the firm and a CFA charterholder.

**Charles F. Pohl** (I,IP,G,F) – *Co-President and Chief Investment Officer*. Mr. Pohl received his B.A. degree in 1980 and his M.B.A. degree in 1981 from the University of Chicago. He was with Wells Fargo Investment Advisors from 1981 until joining Dodge & Cox in 1984. Mr. Pohl is a Senior Vice President of the Dodge & Cox Funds. He is a Director and shareholder of the firm and a CFA charterholder.

**Kent E. Radspinner** (F) – *Vice President*. Mr. Radspinner received his B.S. degree from the University of Minnesota in 1988 and his M.P.P.M. from the Yale School of Management in 1996. Between degrees, he served in the U.S. Navy. He joined Dodge & Cox in 1996. Mr. Radspinner is a shareholder of the firm and a CFA charterholder.

**Larissa K. Roesch** (F) – *Vice President*. Ms. Roesch received her A.B. degree (cum laude) in music and mathematics from Dartmouth College in 1988. She received her M.B.A. from the Haas School of Business at the University of California, Berkeley in 1997. Prior to graduate school, she worked for seven years in the performing arts industry. She joined Dodge & Cox in 1997. Ms. Roesch is a shareholder of the firm and a CFA charterholder.

I = Member of Investment Policy Committee

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# Fixed Income Investment Policy Committee

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Slide 2 of 2

**Adam S. Rubinson** (F) – *Vice President*. Mr. Rubinson graduated from Columbia College in 1988 and received his J.D. degree from the Stanford Law School in 1991. From 1991 to 1997 he practiced corporate law at Sullivan & Cromwell. Prior to joining Dodge & Cox in 2002, he worked in the fixed income and investment banking divisions of Goldman Sachs. Mr. Rubinson is a shareholder of the firm and a CFA charterholder.

**Robert B. Thompson** (F) – *Vice President*. Mr. Thompson received his A.B. degree from Stanford in 1971, served as a U.S. Navy submarine officer, and then returned to Stanford to obtain his M.B.A. in 1977. He worked in the fixed income departments of three major securities firms and as a principal of a small San Francisco-based investment management firm. He joined Dodge & Cox in 1992. He is a shareholder of the firm, a CFA charterholder, a Chartered Investment Counselor, and a past president of the CFA Society of San Francisco.

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Strategy Review

## Stanislaus County (CA) Employees Retirement Association

26 February 2013

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The Morningstar Fixed Income Fund Manager of the Year award is based on the strength of the manager, performance, strategy, and firm's stewardship.

**Client-specific update – not for public distribution**



**Fund Manager of the Year**  
Fixed-Income  
2012



# Biography

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## **R. Matthew Clark, CFA**

Mr. Clark is a senior vice president and account manager in the Newport Beach office with a focus on institutional client servicing. Prior to joining PIMCO in 2002, he served as an officer in the U.S. Army for eight years, achieving the rank of captain. He has 10 years of investment experience and holds an MBA from Harvard Business School. He received an undergraduate degree from Trinity University, San Antonio. Mr. Clark can be reached at (949) 720-6287 or at [matt.clark@pimco.com](mailto:matt.clark@pimco.com).

## **Todd A. Staley**

Mr. Staley is a vice president and account manager in the Newport Beach office, focusing on institutional client servicing. Prior to joining PIMCO in 2011, he worked as a structured finance associate on the non-mortgage asset backed securitization team at Bank of America. He has five years of investment experience and holds an MBA from the Kenan-Flagler Business School at the University of North Carolina as well as an undergraduate degree from the University of Cincinnati.

# Agenda

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1. Market review
2. Performance
3. Economic outlook
4. Appendix

# PIMCO's core investment principles for a New Normal world

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## Active management

- Recognize that beta returns will likely fall short of investor targets
- Look beyond benchmarks that include unattractive assets and risky price levels

## Diversified return engines

- Understand and differentiate market risk factors
- Selectively look to extract liquidity premiums

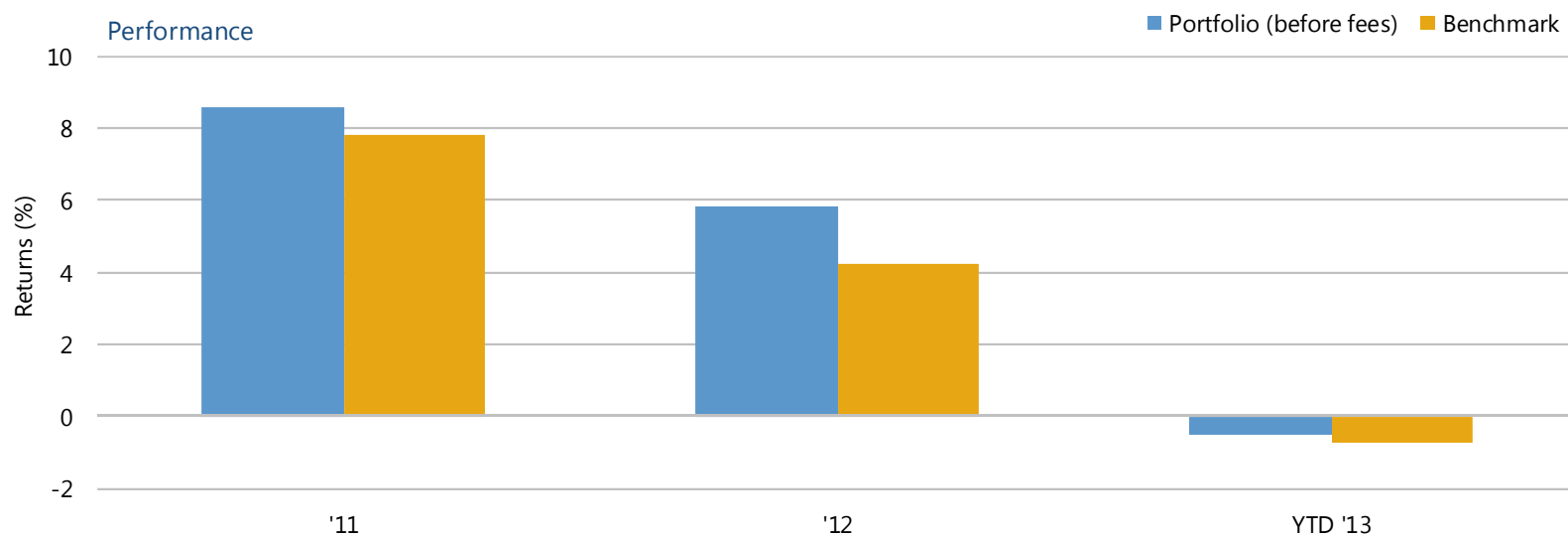
## Downside risk mitigation

- Build resilience against policy mistakes and other "tail" events
- Support return-seeking strategies

# Performance review

## Stanislaus County Employees' Retirement Association

Market value as of Dec '12 \$ 111,914,372



## Stanislaus County Employees' Retirement Association

	Since inception 31 May '10	2 Yrs.	1 Yr.	6 Mos.	3 Mos.	YTD 31 Jan '13
Before fees (%)	6.9	7.2	5.8	2.6	0.5	-0.5
After fees (%)	6.6	6.8	5.5	2.4	0.4	-0.5
Benchmark (%)	5.7	6.0	4.2	1.8	0.2	-0.7

As of 31 December 2012  
 All periods longer than one year are annualized  
 Benchmark: Barclays U.S. Aggregate Index

# Year in review 2012: PIMCO added strong alpha in a year when policymaker actions dominated markets

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## Markets: Uneven with a risk-on bias

- Equities and other risk assets rallied as central banks went "all in" (ECB's bond-buying program, Fed's quantitative easing, and rate cuts by numerous central banks)
- Risk-averse investors continued to seek safety in Treasuries while being mindful of inflation risks, pushing intermediate rates down while long rates rose

## Performance: Strong

- Meaningful alpha generated from a mix of top-down and bottom-up strategies:
  - Effective management of interest rate, curve, and sector strategies
  - Rigorous credit analysis drove effective security selection
- PIMCO investment process continues to emphasize active management and deliver long-term performance while keeping risk management at the forefront

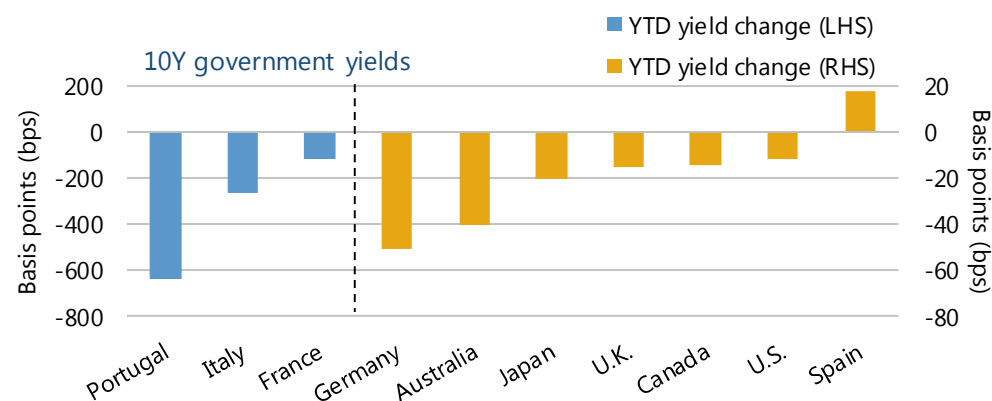
## Outlook: A slowing global economy

- Central banks are reaching the limits of their capabilities increasing secular inflation risks
- Political squabbling limits effectiveness of fiscal policy and hinders 2013 growth prospects
- Investors face a choice between financial repression and many fully-valued risk assets

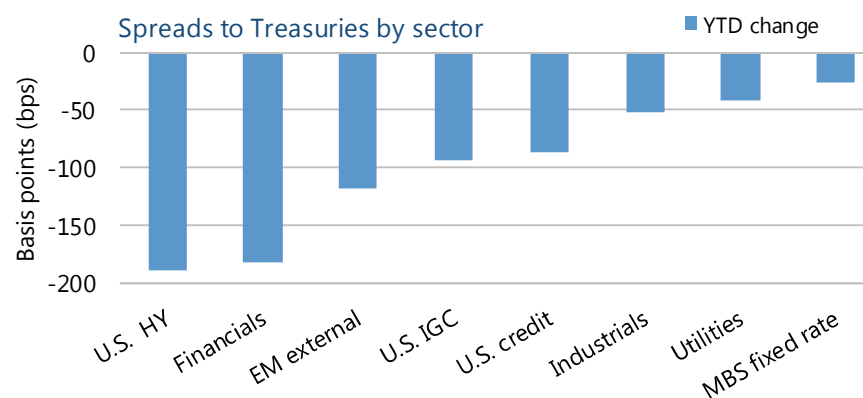


# 2012: Rates fall, spreads tighten and equity markets rise for the year

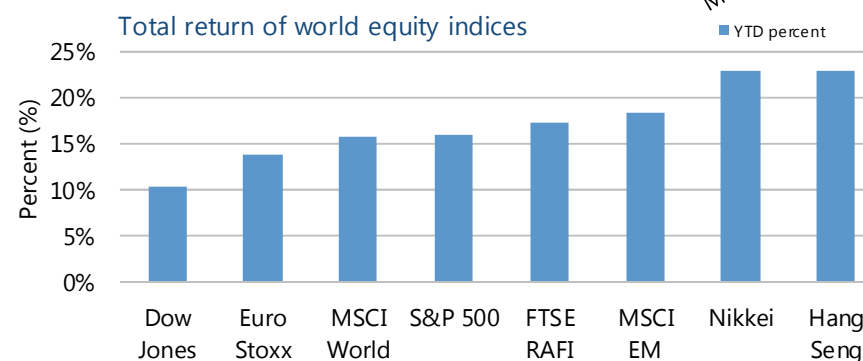
- Global government yields fall on central bank easing
  - ECB conditionally embraces role as lender of last resort
  - Fed commits to QE3 and ties policy to employment and inflation
  - BOJ injects liquidity to counter deflation



- Spread sectors outperform for the year
  - Spreads across credit markets tightened as investors anticipated further quantitative easing
  - Financials outperformed other investment grade on improving balance sheets



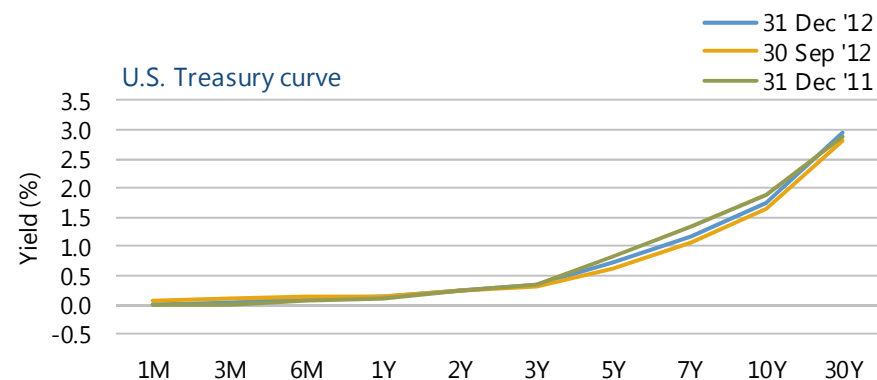
- Global equity indices finish in positive territory
- Alternative equity betas provided compelling returns



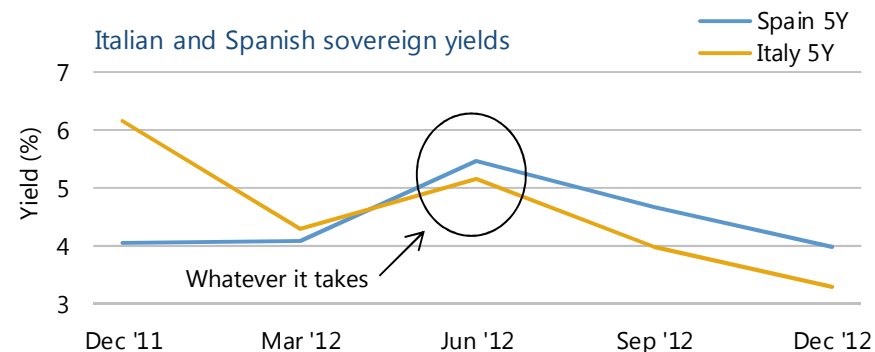
As of 31 December 2012  
SOURCE: Bloomberg, Barclays

# Q4 2012: U.S. rates end slightly higher as markets eye fiscal cliff deal

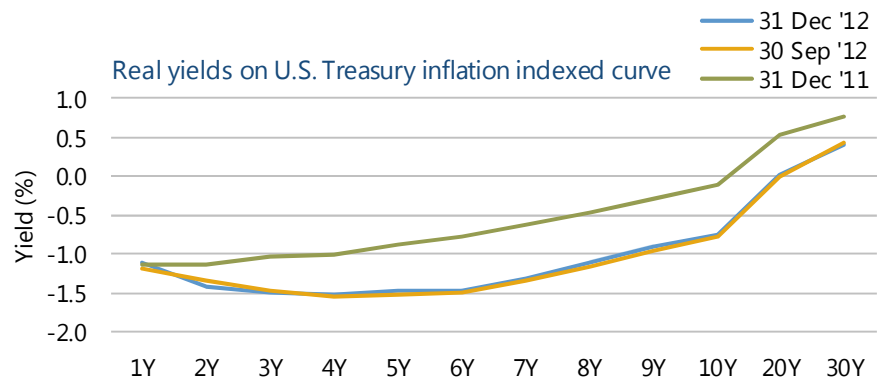
- U.S. Treasuries sell-off slightly in fourth quarter
  - Fed ends Operation Twist and begins open-ended purchases:
    - \$45 billion of long-term Treasuries per month
    - Fed's balance sheet expected to increase by \$85 billion per month



- Short-dated eurozone sovereign yields drop over quarter
  - Next tranche of Greek aid disbursed following successful voluntary buyback of debt
  - Eurozone in technical recession: ECB revises downward its 2013 forecasts



- Real yields continue to be negative through 2032
- Government ILB Q4 returns:
  - U.S.: 0.72%
  - U.K.: 4.41%
  - Australia: -1.24%
  - Canada: 0.11%



As of 31 December 2012  
SOURCE: Bloomberg

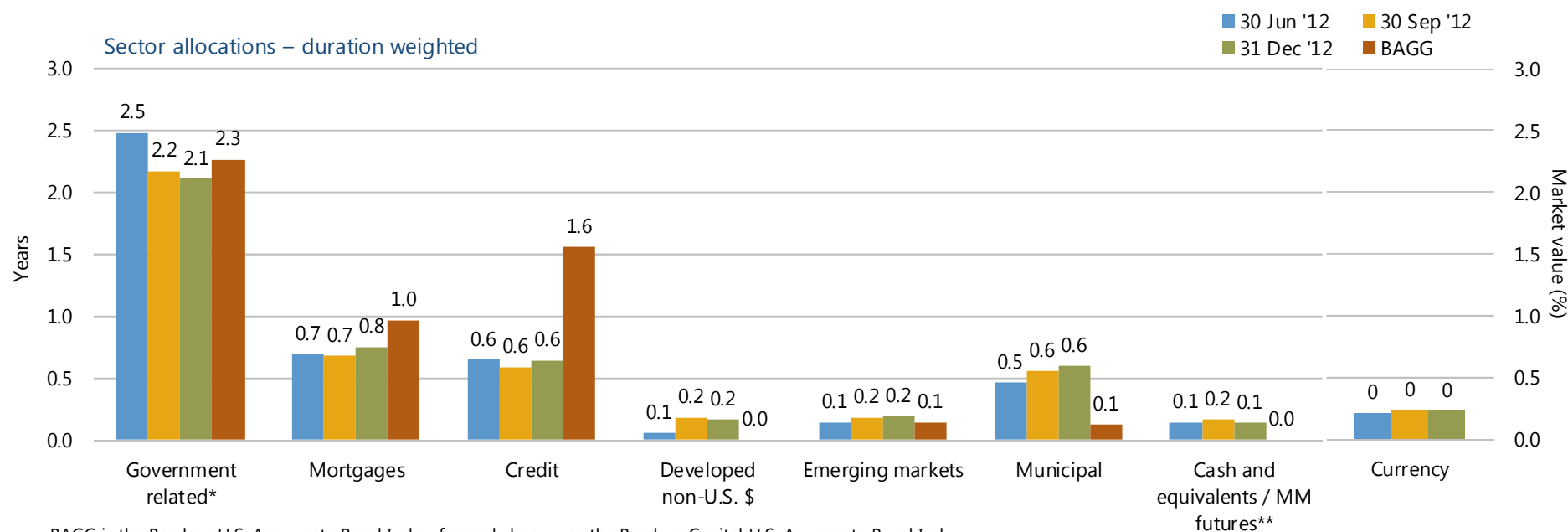
# Portfolio positioning

## Stanislaus County Employees' Retirement Association

CHARACTERISTICS		30 Jun '12	30 Sep '12	31 Dec '12
Effective duration (yrs.)	Portfolio <sup>1</sup>	4.6	4.5	4.6
	Index	5.1	4.8	5.1

Yield to maturity (%)	2.1	1.7	1.9
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Total curve duration<sup>2</sup> : 0.1



BAGG is the Barclays U.S. Aggregate Bond Index, formerly known as the Barclays Capital U.S. Aggregate Bond Index

NOTE: "Other" is comprised of convertibles, euro/yankees, preferred stock

<sup>1</sup> In November 2011 PIMCO modified its duration calculation to account for the potential that holders of securities subject to credit risk may, in the event of default, recover a portion of their investment prior to maturity. The duration for the portfolio reflects the revised calculation.

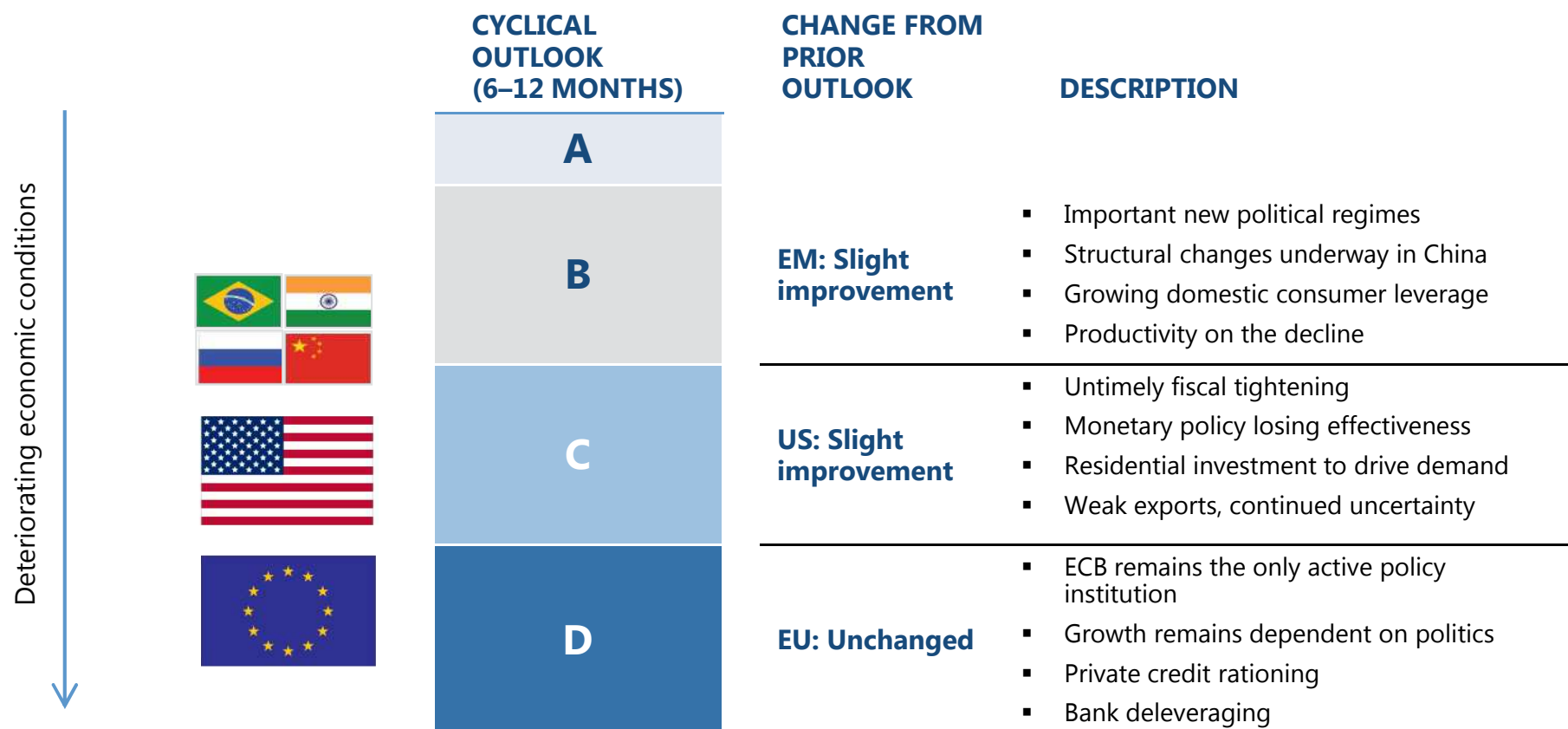
<sup>2</sup> Measures a portfolio's price sensitivity relative to the benchmark to changes in the slope of the yield curve, measured between the 2–30 year government yields, holding the 7-year yield constant. For every one basis point of steepening (flattening), a portfolio with curve duration of one year will rise (fall) in price by one basis point relative to the benchmark.

\* Gov't-related may include nominal and inflation-protected Treasuries, agency debt, interest rate swaps, Treasury futures and options, and FDIC-guaranteed corporate securities.

\*\* As of 30 Jun '12, 30 Sep '12 and 31 Dec '12; Non-U.S. MM Futures exposure is 0 yrs, 0 yrs, and 0 yrs; U.S. MM Futures exposure is 0 yrs, 0 yrs, and 0 yrs, respectively.

# PIMCO's cyclical framework for the global economic outlook

The global economy remains in a New Normal slowdown



As of 31 December 2012  
SOURCE: PIMCO

# Global economies at policy crossroads, with cyclical tailwinds fading and monetary policy losing effectiveness

## CENTRAL BANKS BOOST MARKETS

- ECB conditionally embraces role as lender of last resort
- Fed commits to buying Treasuries and mortgages and ties policy goals to inflation, unemployment
- BOJ injects liquidity to counter deflation

## ... BUT STRUCTURAL PROBLEMS REMAIN

- Excessive indebtedness
- Growing inequalities
- Inadequate policy response
- Rising inflation risk

## GOALS OF CENTRAL BANKS

- Encourage financial stability
- Improve private balance sheets
- Revive “animal spirits”
- Reduce unemployment and reflate economies

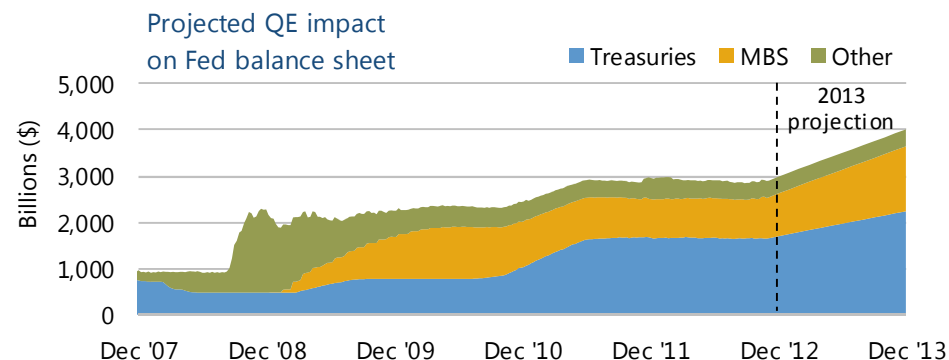
## GROWTH OUTLOOK REMAINS SLUGGISH

- U.S., Europe and China face policy, economic challenges
- Fiscal cliff deal ignores deeper structural issues
- Emerging markets still outpace developed markets but face difficult questions of economic, political transition

# Central banks embrace goals of promoting employment, reflation economies through unorthodox means

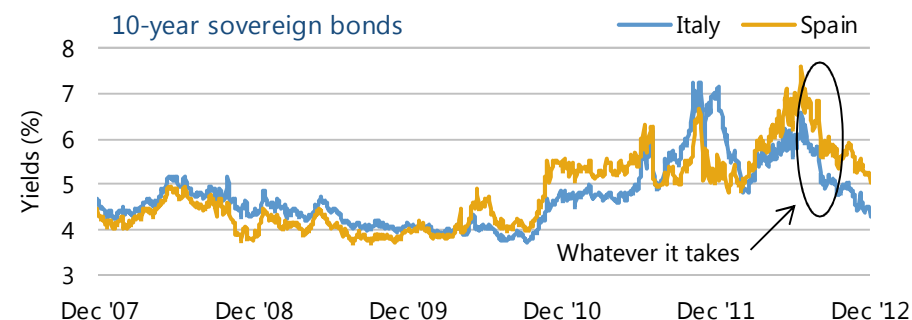
## The United States

- The Federal Reserve will buy approximately \$85 billion in MBS and Treasuries per month in 2013
- The Fed said it will tolerate inflation above 2% to reflate the economy, promote higher employment



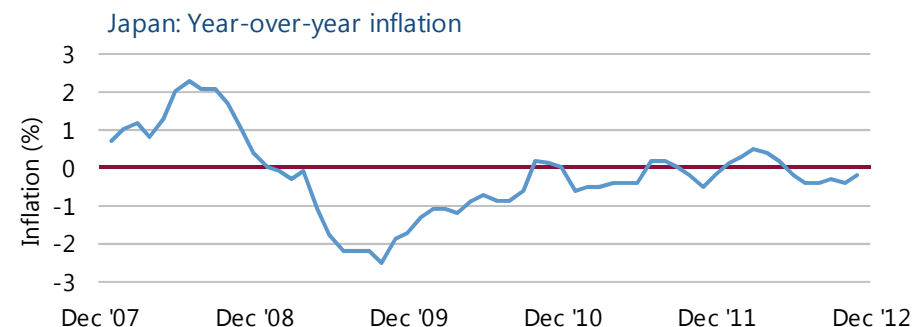
## The European Union and the U.K.

- The European Central Bank has conditionally embraced its role as lender of last resort, saying it will “do whatever it takes”
- The Bank of England purchased an additional £100 billion in government bonds and launched its Funding for Lending Scheme in 2012



## Japan

- In December, the Bank of Japan announced the fifth expansion of its asset purchase program in 2012
- The ¥76 trillion fund is consistent with incoming Prime Minister Abe's mandate for reaching 2% inflation



As of 31 December 2012  
SOURCE: Federal Reserve, Bloomberg

# Despite last-minute fiscal cliff deal, significant structural headwinds remain

## Last-minute deal does little to address real problems

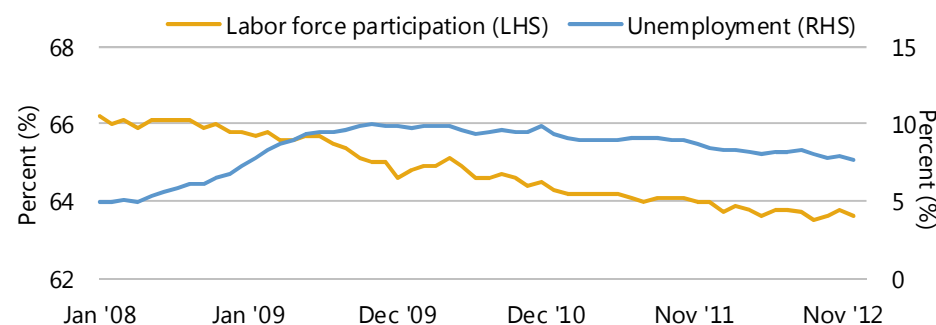
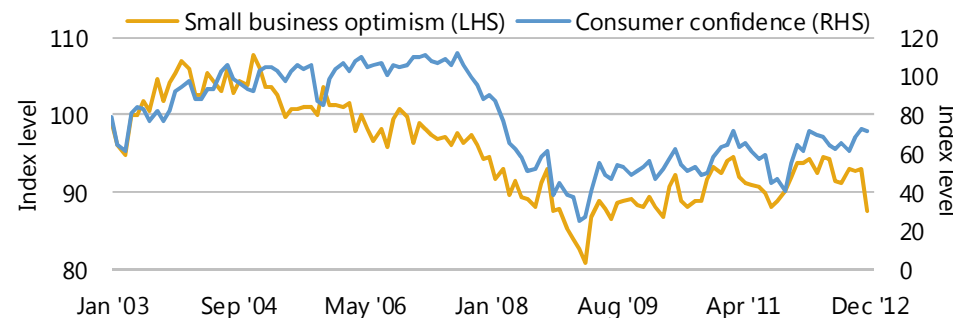
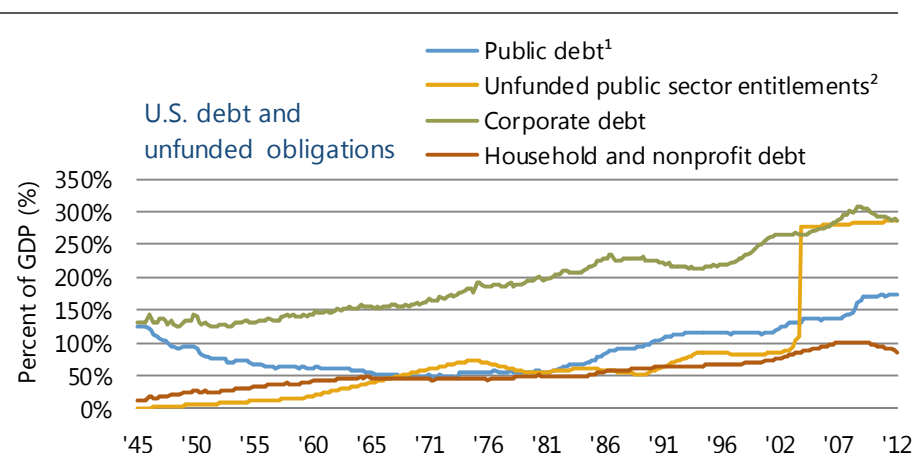
- Last-minute fiscal cliff deal continues to kick fiscal can down the road
- The current projected total of all U.S. funded and unfunded obligations is more than 800% of GDP

## Confidence falling; debt ceiling debate looms

- Business and consumer confidence remain muted by a stagnant economy with an overlay of political polarization
- First quarter 2013 deadlines:
  - Debt ceiling
  - Sequestration
  - Ongoing budget authorization

## Unemployment remains high and participation shrinking

- Challenges to the recovery include:
  - Diminished finance and housing-related industries
  - Public sector job losses
  - A reduced participation rate
- A shrinking workforce, declining immigration and birthrate levels could exacerbate structural problems in the future



As of 31 December 2012; SOURCE: Federal Reserve, Bloomberg

<sup>1</sup> Federal, State and Local, and GSE's

<sup>2</sup> Medicare and Social Security



# Implementing PIMCO's core investment principles for a New Normal world

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## Active management required

- Reconsider existing benchmarks
- Fixed income:
  - Protect principal
  - Diversify alpha sources (sector, rolldown/carry and security selection)
- Equities:
  - Core/satellite approach
  - Focus on active share

## Utilize diversified return engines

- Traditional investments:
  - Global opportunity set
  - Real assets
- Alternative investments:
  - Demand investor-friendly terms
  - Liquid (unconstrained, tactical asset allocation, hedge funds)
  - Illiquid (opportunistic private equity, distressed investments)

## Employ downside risk mitigation

- Tail risk strategy can be explicit or part of broader asset allocation
- Seek to minimize downside capture while retaining claim on the upside

Investors should seek to be strategically defensive and opportunistically offensive



# Total Return portfolio strategy:

## Reduce risk, watch for potential asset bubbles

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### Interest rate strategies

Underweight interest rate duration	Underweight U.S. and target select countries (Canada, Brazil, Mexico)
Target short to intermediate U.S. maturities	Overweight the 0–3 and 5–10 year portions of the curve; underweight long maturities
Spain / Italy: Focus on front end	Capitalize on ECB policy and curve steepness

### Strategic positioning

Emphasize non-agency MBS	<ol style="list-style-type: none"><li>1) Non-agency MBS offer compelling loss-adjusted yields</li><li>2) Reduce agency MBS holdings as central bank actions leave sector fully priced</li></ol>
Limit investment grade credit and EM exposures	<ol style="list-style-type: none"><li>1) Reduce overweight to financials</li><li>2) Retain up-in-quality bias, focus on high-quality EM, Build America Bonds</li></ol>

### Tactical positioning

Reduced exposure to currencies	Move close to neutral currency exposure, with tactical implementation of secular views: Long high-quality EM, short-developed currencies
Maintain exposure to TIPS; favor long maturities	Utilize linkers as a hedge on geopolitical risk

As of 31 December 2012

# PIMCO snapshot

## History

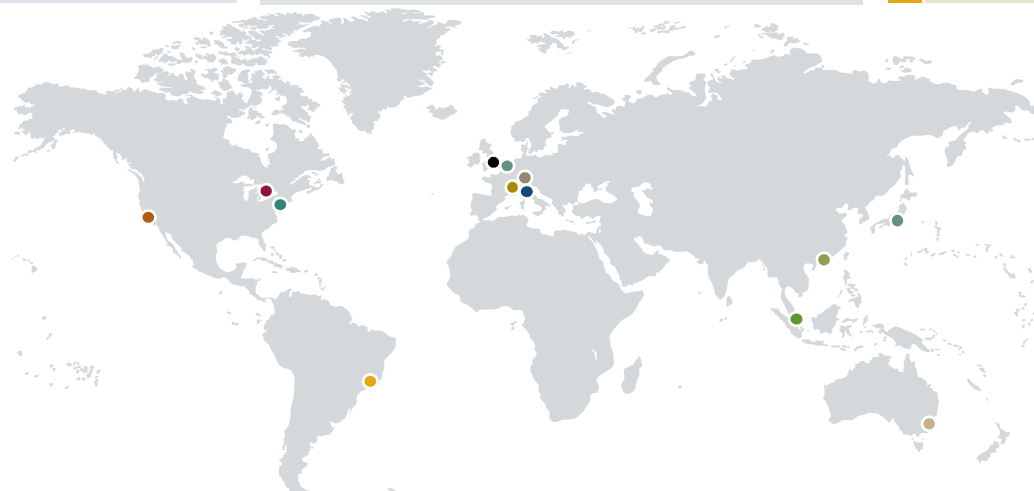
- Founded in 1971
- Investment solutions include fixed income, active equities, alternatives and asset allocation
- Assets under management: \$2.00 trillion
  - \$1.62 trillion in third-party client assets
  - Full complement of vehicles to meet client needs (mutual funds, separate accounts, LPs, ETFs)

## People

<b>Employees</b>	<b>2,275</b>
▪ Investment professionals	695
▪ Technical and support	1,580
<b>Highly experienced</b>	<b>Avg Yrs Experience</b> <b>Avg Yrs at PIMCO</b>
▪ All investment professionals	13   5
▪ Senior professionals	19   9

## Global presence

Offices	IPs
Amsterdam	2
Hong Kong	16
London	121
Milan	2
Munich	60
New York	106
Newport Beach	333
Singapore	11
Sydney	10
Tokyo	21
Toronto	8
Zurich	3
Rio De Janeiro	2



As of 31 December 2012

Effective 31 March 2012, PIMCO began reporting the assets managed on behalf of its parent's affiliated companies as part of its assets under management

# Assets under management by strategy

Alternatives		Billions (\$)
Liquid Absolute Return	Unconstrained bond strategies, credit absolute return, other absolute return strategies	33.83
Hedge Funds	Global macro, long/short credit, multi-asset volatility arbitrage strategies	9.87
Opportunistic/Distressed	Opportunistic strategies focusing on real estate related assets (residential, commercial), corporate credit	7.10
Asset Allocation		
Asset Allocation Strategies	Global Multi Asset, All Asset, EM Multi Asset, Real Retirement, Inflation-Response Multi Asset, DRA	85.34
Equities		
StocksPLUS®	Combines derivatives-based equity exposure with active bond management	13.95
Active Equities	Pathfinder, Emerging Markets, Dividend, Global Long/Short	3.20
Real Return		
Inflation-Linked Bonds	U.S., Global	89.00
Commodities	Actively managed commodity exposure enhanced with actively managed collateral portfolios	25.94
Real Estate	Real-estate linked exposure enhanced with actively managed collateral portfolios	1.51
Fixed Income		
Intermediate*	Total Return, Moderate Duration	599.62
Credit	Investment Grade Corporates, Bank Loans, High Yield Corporates	173.75
Cash Management*	Money Market, Short-Term, Low Duration	129.37
Long Duration	Focus on long-term bonds; asset liability management	115.41
Global	Non-U.S. and global multiple currency formats	123.14
Emerging Markets	Local debt, external debt, currency	78.17
Mortgages	Agency MBS, structured credit (non-Agency MBS, CMBS, and ABS)	50.27
Income	Income-oriented, insurance income	33.96
Diversified Income	Global credit combining corporate and emerging markets debt	27.37
Municipals	Tax-efficient total return management	14.49
Other		9.07
Total assets under management		\$ 1,624.35 B
Stable Value	Stable income with emphasis on principal stability	30.73
Tail-Risk Hedging**	Pooled and customized portfolios of actively managed tail-risk hedges	52.24

As of 31 December 2012

SOURCE: PIMCO

Assets reflect those managed on behalf of third-party clients and exclude affiliated assets. Fund of funds assets have been netted from each strategy.

Potential differences in asset totals are due to rounding.

\* Stable value assets have not been netted from U.S. Total Return, U.S. Moderate Duration and U.S. Low Duration assets

\*\* Tail-risk hedging assets reflect total notional value of dedicated mandates and are not counted towards PIMCO total assets under management



## Appendix

# 2012 Secular Outlook: Slowing real growth and risks of inflection points

## UNITED STATES

### (0% to 2% annual real GDP growth)

- Likely to outperform Europe in terms of growth and financial stability
- Political scimmages will trump grand bargains and slow structural reform
- Unsustainable debt dynamics will persist, as will financial repression

## EUROPE

### (-1% to 1% annual real GDP growth)

- Status quo is no longer an option
- Probable outcome: A bumpy journey to a smaller and less imperfect eurozone
- Risk of full-fledged collapse remains

## EMERGING ECONOMIES

### (4% to 5% annual real GDP growth)

- Continue to outpace Europe and U.S.
- Path to continued growth laden with challenging transitions
  - China's shift from export to consumption economy
  - Political and social unrest
- Volatility to remain high

Continued  
**policy confusion**

+

**Overly incremental**  
public and private  
sector responses

=

Heightened potential  
for **inflection points**  
that can derail progress  
and abruptly send  
markets "to the tails"

# PIMCO cyclical forum economic forecasts

	REAL GDP		HEADLINE INFLATION	
	CURRENT <sup>1</sup>	PIMCO FORECAST Q4 '12 – Q4 '13	CURRENT <sup>1</sup>	PIMCO FORECAST Q4 '12 – Q4 '13
U.S.	2.2%	1.25% to 1.75%	2.2%	1.8% to 2.3%
Europe	-0.6%	-1.5% to -1.0%	2.2%	1.0% to 1.5%
U.K.	0.0%	0.0% to 0.5%	2.6%	2.0% to 2.5%
Japan	0.0%	0.5% to 1.0%	-0.4%	-0.5% to 0.0%
China	7.4%	6.5% to 7.5%	1.8%	2.5% to 3.0%
BRIM <sup>2</sup>	2.7%	3.5% to 4.0%	6.8%	6.0% to 6.5%
World <sup>3</sup>	2.0%	1.5% to 2.0%	2.5%	2.0% to 2.5%

As of 11 December 2012

SOURCE: PIMCO, Bloomberg

<sup>1</sup> Current data for real GDP growth and inflation is actual and represents four quarters ending Q3 2012

<sup>2</sup> Brazil/Russia/India/Mexico

<sup>3</sup> World is weighted average sum of PIMCO forecast countries

# Duration positioning is targeting sectors, countries and maturities

## ■ Sector exposures

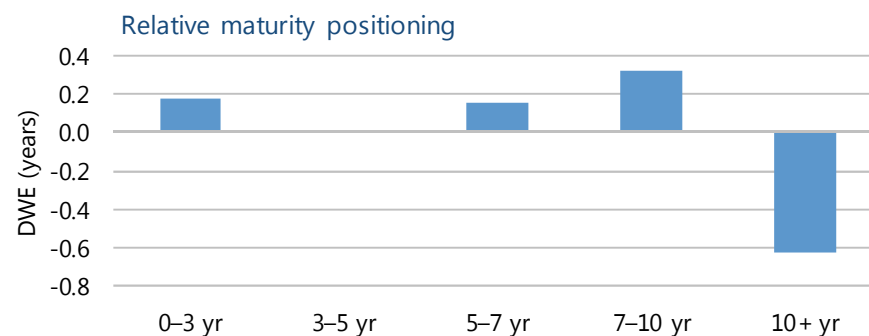
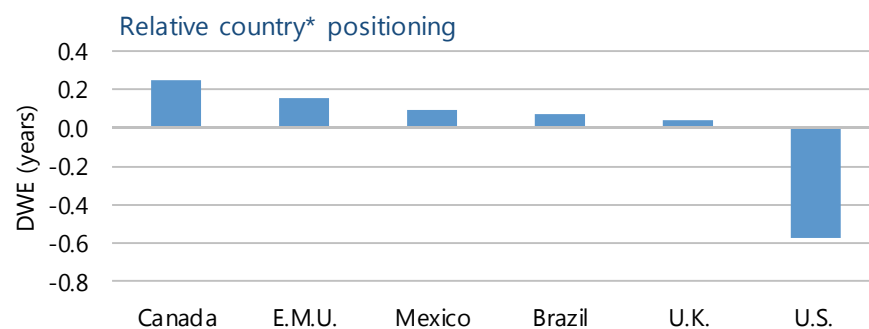
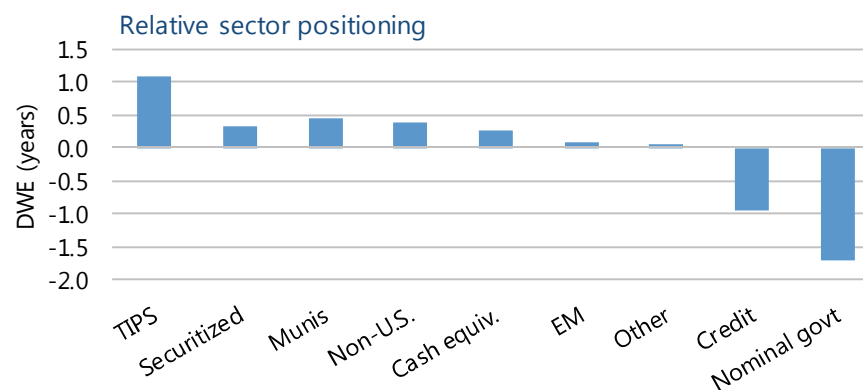
- Overweight TIPS versus nominal Treasuries amid threat of confiscation of return from financial repression
- Optimize high-quality spread exposure in MBS and Build America Bonds

## ■ Country allocation

- Reduced underweight to U.S. duration
- Overweight countries with attractive risk-adjusted yields and better initial conditions (Canada, Italy and Spain, Mexico and Brazil)

## ■ Maturity positioning

- Overweight 0–3 year and 5–10 year parts of the yield curve, where potential for carry from roll-down is higher
- Underweight long end of the yield curve



As of 31 December 2012

SOURCE: PIMCO

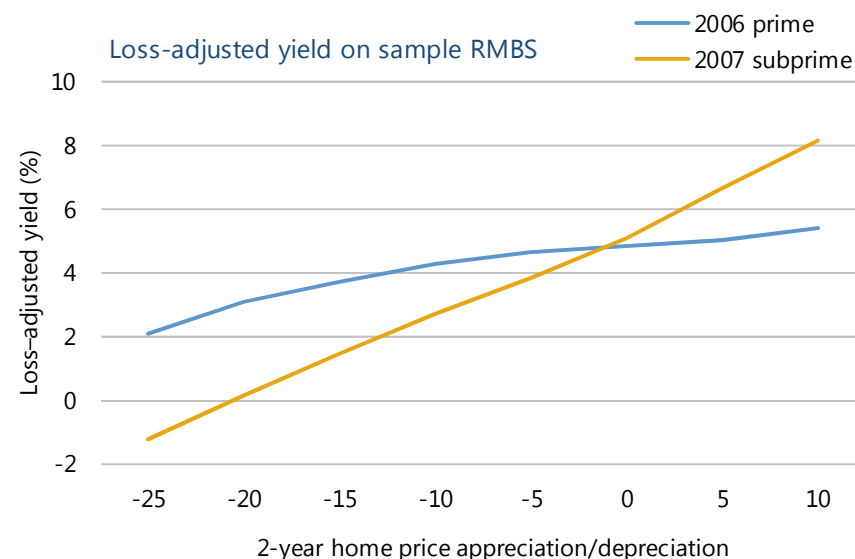
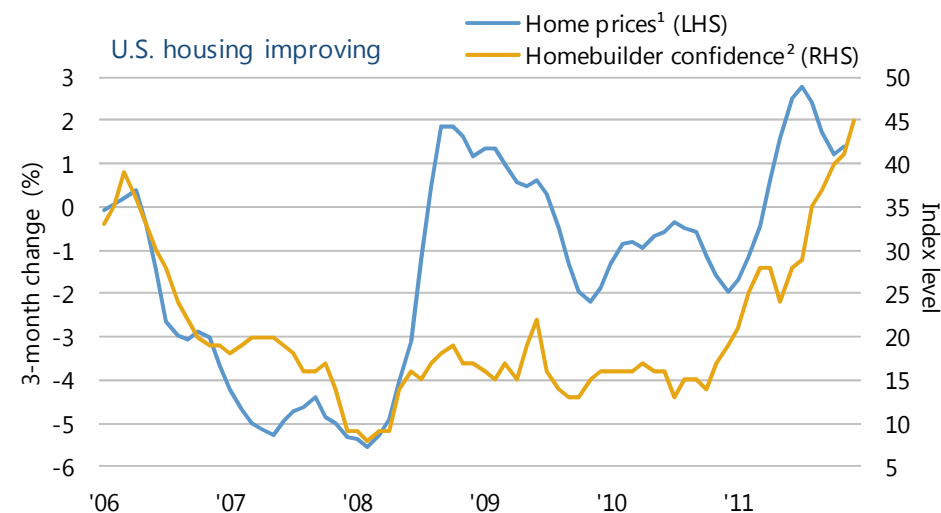
\* Classified according to currency issue

Total duration weighted exposure was 4.02 years

Representative account being used is the PIMCO Total Return Fund

# U.S. housing is likely to contribute to GDP this year, presenting opportunities in non-agency RMBS

- With mortgage rates near historic lows, homebuilders are increasingly optimistic following four years of record lows in construction
- Home prices are up 2.5% over the last three months and are showing signs of a bottom
- Growth will be led by regional pockets of strength
- Non-agency RMBS offer attractive loss-adjusted yields even in scenarios with additional home price declines
- Limited supply and signs of a recovery in housing create attractive opportunities in non-agency RMBS



As of 31 December 2012

SOURCE: Bloomberg, Case/Shiller, CoreLogic, PIMCO

<sup>1</sup> Represented by S&P Case Shiller 20-city composite (seasonally adjusted)

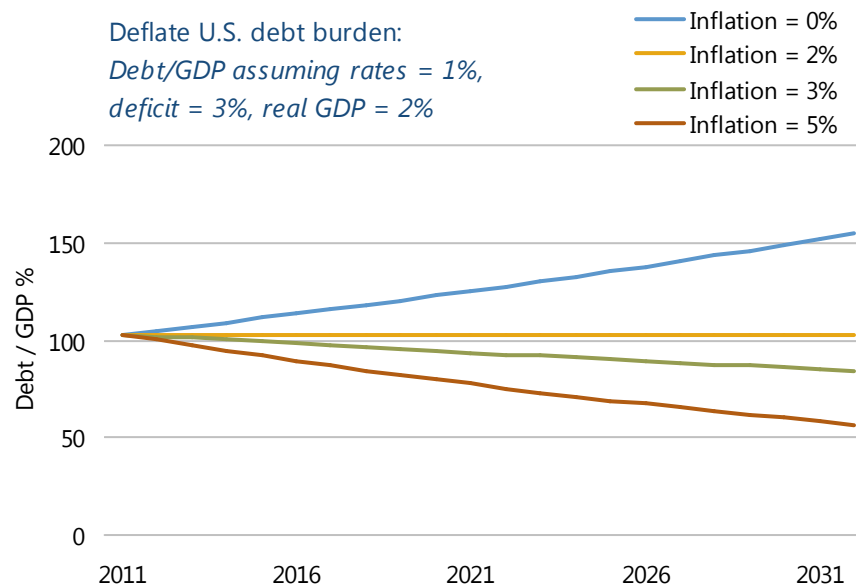
<sup>2</sup> Represented by NAHB Housing Market Index



# Monetary policy outlook: Fed to continue playing role of offense in economy

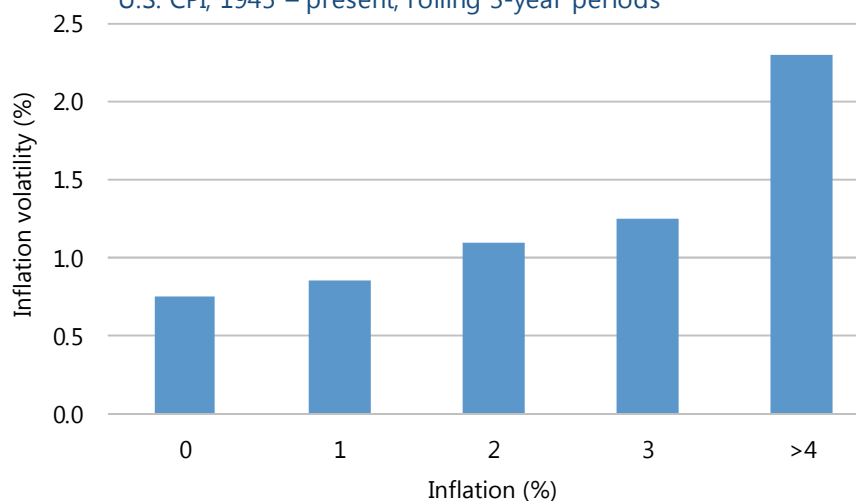
- We expect the Fed to continue its accommodative policies
- By prioritizing full employment over stable inflation, the Fed will try to generate growth with the possible benefit of some inflation

Deflate U.S. debt burden:  
Debt/GDP assuming rates = 1%,  
deficit = 3%, real GDP = 2%

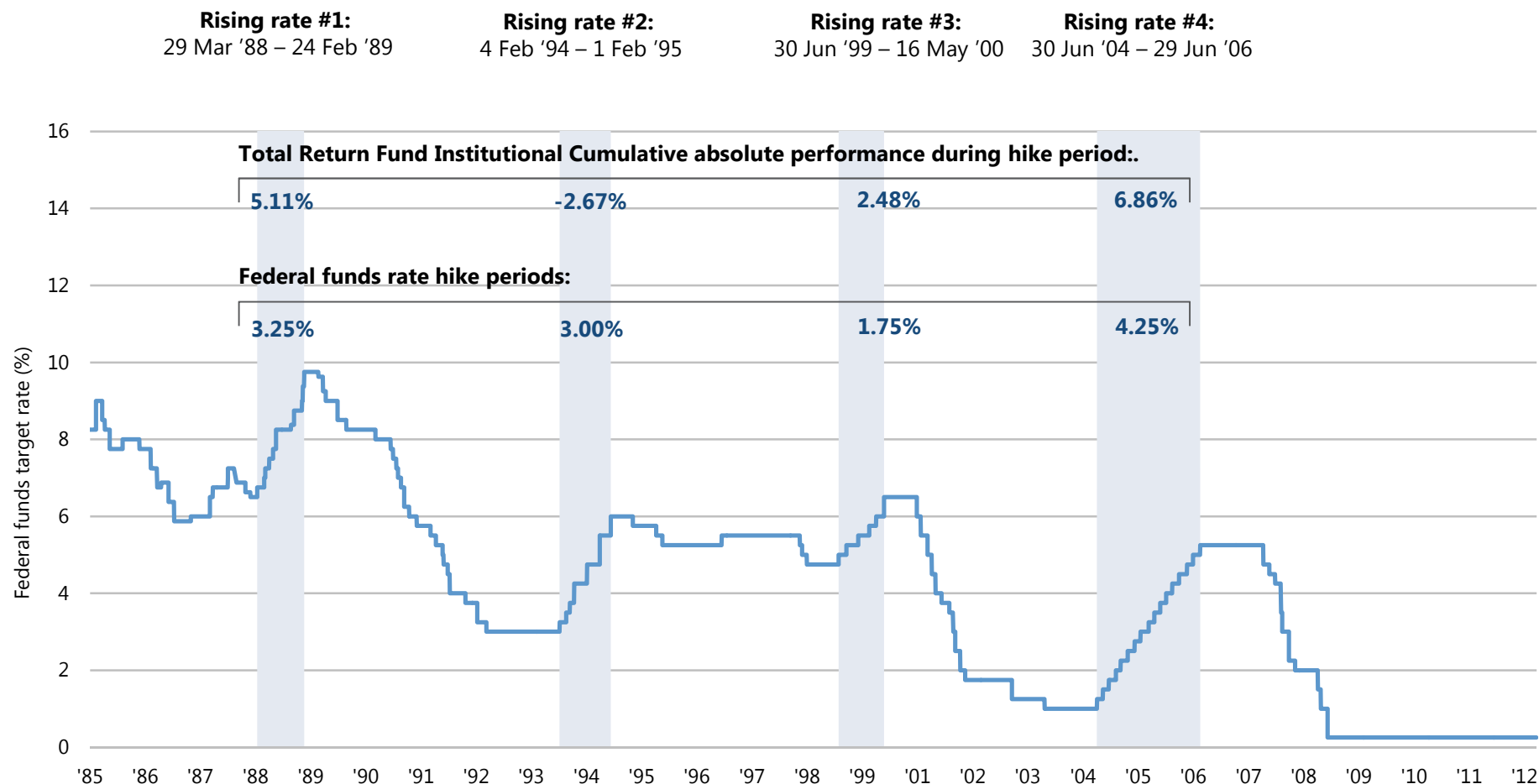


- This strategy is not without risks, however
  - Fed credibility could be at risk down the road
  - Inflation volatility is increasingly difficult to control as inflation expectations move higher (i.e., harder to put the genie back in the bottle)

Inflation vs. inflation volatility  
U.S. CPI, 1945 – present, rolling 3-year periods



# Total Return is designed to navigate all interest rate environments



- The Fed has linked future rate hikes to inflation and unemployment levels
  - Rate hikes are highly unlikely in 2013
  - Inflationary concerns will likely be reflected in longer dated maturities
- Active fixed income management can still produce positive absolute returns before, during and after periods of rising rates
  - Duration flexibility of up to two years lower than benchmark levels
  - Active sector and country rotation to de-emphasize duration

# Cash investors face impact of FDIC insurance changes and money market reforms in 2013

## FDIC Insurance

- Since 2008, the FDIC offered unlimited insurance on certain bank deposits
- As of January 1, 2013, approximately \$1.5 trillion of bank deposits lost FDIC insurance
- Likely Impact: Increased flows into money markets and short-term bonds

## Money Market Fund Reform

- Regulators globally are considering significant structural changes
- Potential impact: Lower net of fee yields and/or floating NAVs

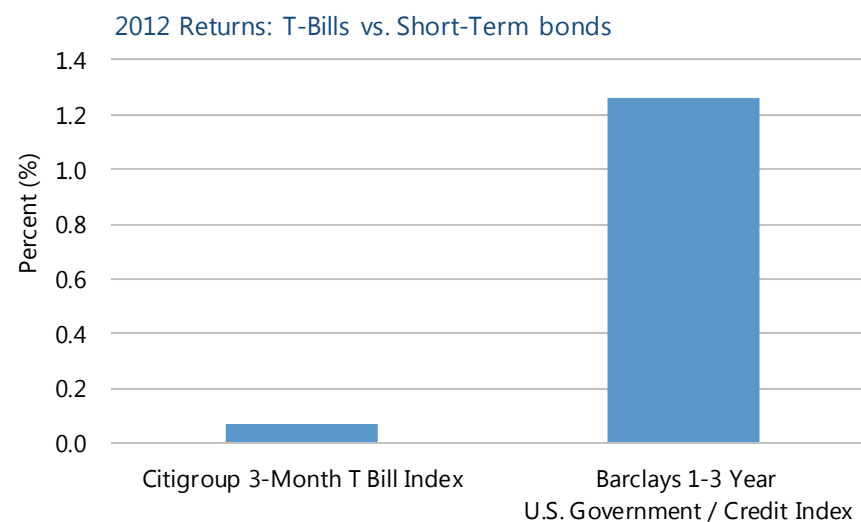
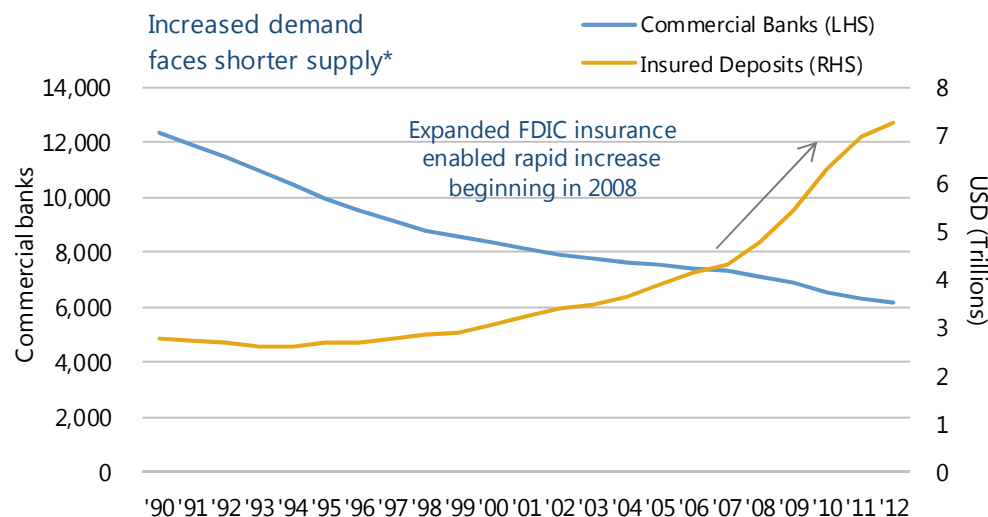
## Key Takeaways

- Flows leaving bank deposits are likely to increase demand for cash equivalents
- As demand increases, it will exert downward pressure on yields
- With zero-bound monetary policy, investors must seek returns without taking undue credit or duration risk
- A first-mover advantage may exist for those investors able to move beyond money markets and bank deposits

As of 31 December 2012

\* As of 30 September 2012

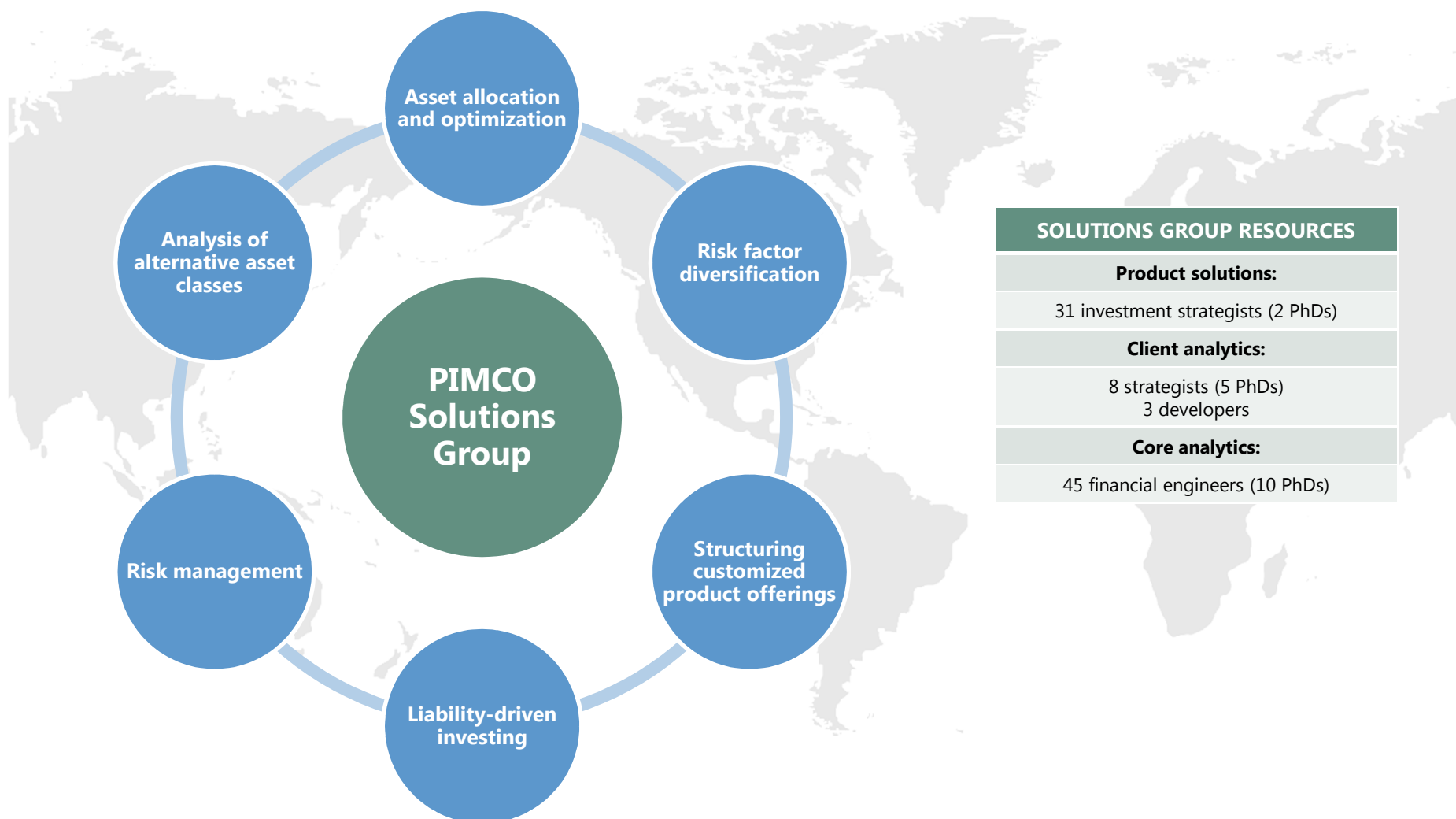
SOURCE: FDIC, Citigroup, Barclays



## PIMCO resources:

### Solutions group offers customized client allocation analysis

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As of 30 September 2012

# PIMCO resources: Alternatives

PIMCO has established a proven track record in alternatives

## OPPORTUNISTIC STRATEGIES

- Poised to capitalize on market dislocations, such as in real estate and mortgages
- Resources for distressed opportunities

## EXPANDING TEAM AND TECHNOLOGY

- Builds on PIMCO's decade-long experience in alternatives management
- Enables ongoing enhancement in structure and oversight

## LIQUID HEDGE FUNDS

- Absolute return
- Market volatility and momentum
- Global credit relative value

### PIMCO's alternatives portfolio management team

**Bill Gross**  
Managing Director  
43 years of experience

**Qi Wang**  
Managing Director  
17 years of experience

**Jon Horne**  
Executive Vice President  
9 years of experience

**Dan Ivascyn**  
Managing Director  
21 years of experience

**Josh Thimons**  
Executive Vice President  
14 years of experience

**Josh Davis**  
Senior Vice President  
5 years of experience

**Josh Anderson**  
Executive Vice President  
16 years of experience

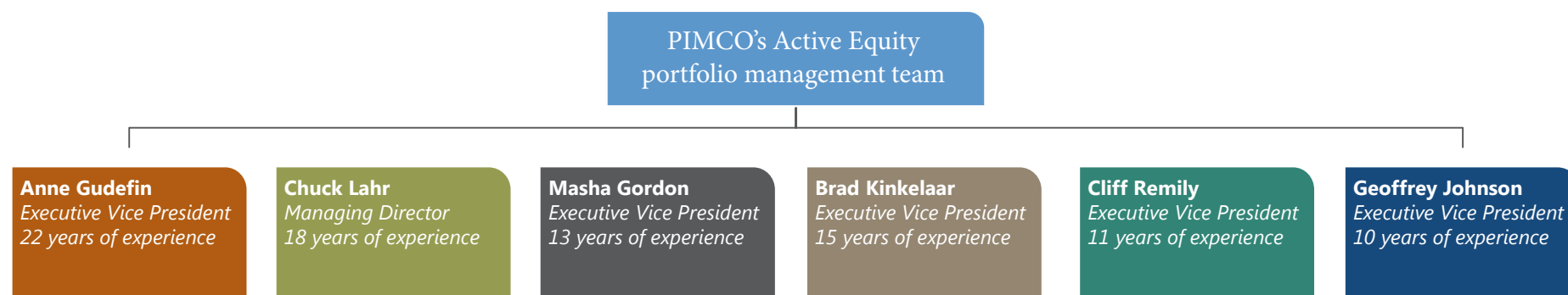
**Alfred Murata**  
Executive Vice President  
13 years of experience

As of 30 September 2012  
SOURCE: PIMCO

# PIMCO resources: Equity platform

PIMCO continues to build forward-looking, core/satellite solutions

Equity Index Plus	Global Deep Value	Emerging Markets	Global Dividends	Global Long/Short
<ul style="list-style-type: none"> <li>Replicate equity index exposure via futures and swaps</li> <li>Seek outperformance through actively managed fixed income collateral</li> </ul>	<ul style="list-style-type: none"> <li>Global deep value investment approach with a focus on long-term total returns and downside risk mitigation</li> </ul>	<ul style="list-style-type: none"> <li>Holistic investment approach that combines fundamental, bottom-up stock selection with macroeconomic insights and tail risk hedging</li> </ul>	<ul style="list-style-type: none"> <li>Global fundamental investment approach seeking high dividend income and long-term capital appreciation</li> </ul>	<ul style="list-style-type: none"> <li>Highly concentrated, opportunistic investment approach with a focus on balancing capital appreciation and capital preservation</li> </ul>
<b>\$32.8 Billion</b>	<b>\$3.8 Billion</b>	<b>\$1.6 Billion</b>	<b>\$2.3 Billion</b>	<b>\$273 Million</b>



As of 31 December 2012

SOURCE: PIMCO

Represents assets managed to a specified strategy or asset class across all portfolios regardless of dedicated portfolio strategy, which may vary from other asset classifications contained herein.

# PIMCO resources: Credit

## PIMCO's bottom-up credit expertise utilized in core and dedicated strategies

MORNINGSTAR FIXED INCOME MANAGER OF THE YEAR 2012	TOP-DOWN, BOTTOM-UP BALANCE	DEDICATED CREDIT STRATEGIES
<ul style="list-style-type: none"> <li>Mark Kiesel and the PIMCO analyst team recognized for their track record</li> <li>Morningstar recognized the team for their bottom-up analysis over both short and long term periods</li> </ul>	<ul style="list-style-type: none"> <li>Credit team focuses on identifying value in sectors that can outperform GDP</li> <li>Requires a clear focus on both absolute and risk-adjusted returns</li> </ul>	<ul style="list-style-type: none"> <li>Corporate bonds</li> <li>Credit absolute return</li> </ul>

**Mark Kiesel**  
GLOBAL HEAD OF  
CORPORATE BOND  
PORTFOLIOS  
20 years of experience

**Christian Stracke**  
HEAD OF GLOBAL CREDIT  
RESEARCH  
14 years of experience

**Luke Spajic**  
HEAD OF U.S. CREDIT  
RESEARCH  
17 years of experience

**Philippe Bodereau**  
HEAD OF EUROPEAN  
CREDIT RESEARCH  
17 years of experience

**Raja Mukherji**  
HEAD OF ASIA CREDIT  
RESEARCH  
18 years of experience

**49 CREDIT ANALYSTS: U.S. 29 U.K. 8 GERMANY 4 ASIA 8**

FINANCIALS	INDUSTRIALS	BASIC INDUSTRY	ENERGY	CONSUMER NON-CYCLICAL	CONSUMER CYCLICAL
TELECOM / MEDIA	AUTO / TRANSPORTATION	UTILITIES	MUNICIPALS	SPECIALISTS	DISTRESSED CREDIT

As of 31 December 2012  
SOURCE: PIMCO

STANISLAUS COUNTY EMPLOYEES' RETIREMENT  
ASSOCIATION

**INVESTMENT PERFORMANCE SUMMARY  
ANALYSIS**

FOURTH QUARTER 2012

STRATEGIC INVESTMENT SOLUTIONS, INC.

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333 Bush Street, Suite 2000  
San Francisco, CA 94104  
(415) 362-3484





- Heightened fears over the U.S. fiscal cliff outweighed numerous positive indicators in the fourth quarter as the S&P 500 total return index fell 0.4%. The decline occurred despite the resolution of U.S. elections and the Federal Reserve committing to keep its target rate near zero and buy U.S. bonds as long as unemployment remains above 6.5%, as well as inflation remaining below its target.
- The European Central Bank's Outright Monetary Transactions (OMT) plan continued to boost sentiment in Europe. As a result, equities in Europe-ex UK rose 8.6% in the fourth quarter. The improved sentiment helped tighten spreads for Spanish and Italian sovereign debt.
- In Japan, the dovish Shinzo Abe was elected Prime Minister, heightening expectations of further quantitative easing. The Bank of Japan is being pressured to increase its inflation target to 2% and has increased the size of its asset purchase program. These moves helped boost Japanese equities 5.8% in the fourth quarter, while the yen fell 10.2% against the dollar.
- Given improved investor confidence, safe-haven demand was subdued; Treasuries declined by about 0.1% in Q4. Meanwhile, in the currency markets, the uptick in risk appetite led to a quarterly decline in the trade-weighted U.S. dollar index of 0.16%.
- The State Street Investor Confidence Index® (ICI) measures risk appetite by analyzing buying and selling patterns of institutional investors. As a result of improving confidence in the North American and Asian regions, the Global ICI rose 0.4 points to 80.9 in December but remained well below the neutral level of 100. The increase in confidence was most pronounced in North America, while European institutional investors' appetite for equities is the strongest, at 95.2.
- For the period ending 12/31/12, the one quarter returns for, respectively, the NAREIT Equity index and the NCREIF Property index were 2.58% and 2.54%; one year, 18.06% and 10.54%; three years, 17.83% and 12.63%; and five years, 5.45% and 2.13%.
- 2012 witnessed a recovering housing market, stronger private balance sheets, and a European meltdown that did not occur. Cap rates remained low for tier 1 assets and the CMBS market continued to recover, with issuance growing 45% from \$33 billion in 2011 to \$48 billion in 2012. Capital continued to look for yield, value, and inflation protection.
- With all of the "good news" to date, there will be many that are concerned that the good news will not continue for real estate. However the US, the low rates managed by the Fed should keep cap rates stable. Outside the US, real estate looks less certain but as invest become more confident real estate should recover.

## Executive Performance Summary

Fourth Quarter 2012

- The composite fund returned 2.0% in the fourth quarter of 2012 and ranked in the 27<sup>th</sup> percentile among other public funds (1.7% median). The fund beat its policy index (1.4%) during this time period. Longer term, the three and five-year returns of 9.0% and 3.3%, ranked above and below the median among public plans (8.4% and 3.5%, respectively).
  
- Fourth quarter results were enhanced by the following factors:
  1. The Mellon Capital S&P 500 Index Fund returned -0.4% for the quarter. The Fund matched the S&P 500 Index and ranked with the median passive S&P 500 manager (-0.4%).
  2. The BlackRock Russell 1000 Growth Index Fund returned -1.3% for the quarter and matched its benchmark return. The large cap growth equity median return is -0.9%.
  3. Delaware's return of -0.5% ranked in the second quartile among large cap growth managers (median -0.9%), and was ahead of its benchmark, the Russell 1000 Growth Index (-1.3%). Above par Consumer Staples (Walgreen) and Info Tech (Adobe Systems, Visa) investments helped relative performance. Over three years, Delaware returned above its benchmark and peer group median.
  4. The BlackRock Russell 1000 Value Index Fund (1.5%) matched its benchmark return of 1.5% and was ahead of its median large cap value manager return of 1.3%.
  5. Dodge & Cox-Equity, 2.6%, returned above the median large cap value manager (1.3%) and the Russell 1000 Value Index (1.5%), ranking its portfolio in the 24<sup>th</sup> percentile among its peers. Good stock selection in Financials (Genworth Financial, Bank of America, Aegon) and double-weight in the Consumer Discretionary sectors boosted performance. Three year returns were slightly behind its benchmark (10.7% vs. 10.9%).
  6. Fund of funds manager Capital Prospects appreciated 6.6% for the quarter, and ranked in the 10<sup>th</sup> percentile among its small cap value peers (4.0% median). The Russell 2000 Value Index returned 3.2%. The portfolio was boosted by its Consumer Discretionary investments and overweight to Industrials. Channing gained the most, up 8.8% during the quarter. InView lagged, at 4.8%. For the three year period, Capital Prospects was in front of its benchmark (15.0% vs. 11.6%).

## Executive Performance Summary

Fourth Quarter 2012

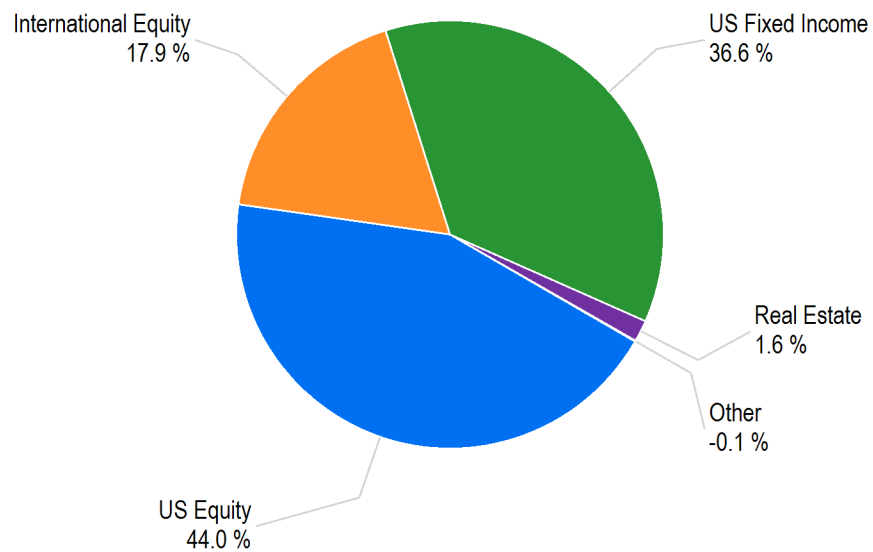
7. Pyramis' return of 5.9% matched the MSCI ACWI ex US Index return of 5.9%. It placed in the second quartile among ACWI ex US growth equity managers (5.5% median). Consumer discretion, telecommunication services and financials sectors contributed to performance while the energy, info tech and consumer staples sectors detracted. Its three-year results led the benchmark (5.5% vs. 4.3%).
8. The Dodge & Cox-Fixed Income's 1.1% return beat its benchmark, the Barclays Aggregate Index return of 0.2% and ranked in the top quartile among core bond managers, with a median return of 0.5%. D&C's substantial overweight to and selection within corporates, shorter relative duration, nominal yield advantage, and taxable municipal exposure boosted relative returns. D&C was up 7.3% for three years while its benchmark was up 6.2%.
9. PIMCO returned 0.5%, as the Barclays Aggregate Index gained 0.2%. The median core bond manager return was 0.5%. PIMCO's underweight to US duration, select high yield corporate bonds and allocation to non-Agency and commercial MBS boosted performance.
10. The BlackRock US Real Estate Index Fund matched its benchmark, the DJ US Select RESI, at 2.3%.

● Fourth quarter results were hindered by the following factors:

1. Fund of funds manager Legato Capital was surpassed by its benchmark, the Russell 2000 Growth Index (0.1% vs. 0.4%) and ranked in the 51<sup>st</sup> percentile among small cap growth managers. It was hurt by its stock selection to the Consumer Staples and underweight to the Industrials sectors. Stephens Investment trailed during the quarter, at -2.0%. Lee Munder had the best quarter, at 1.7%. Over three years, Legato returned above its benchmark.
2. LSV (5.7%) was below par with the MSCI ACWI ex US (5.9%) and ranked 75<sup>th</sup> among ACWI -ex US value equity managers (median of 6.8%). LSV carried relatively weak British, Japanese and Brazilian investments. Over three years, LSV (5.0%) surpassed its benchmark (4.3%).

## Asset Allocation Analysis

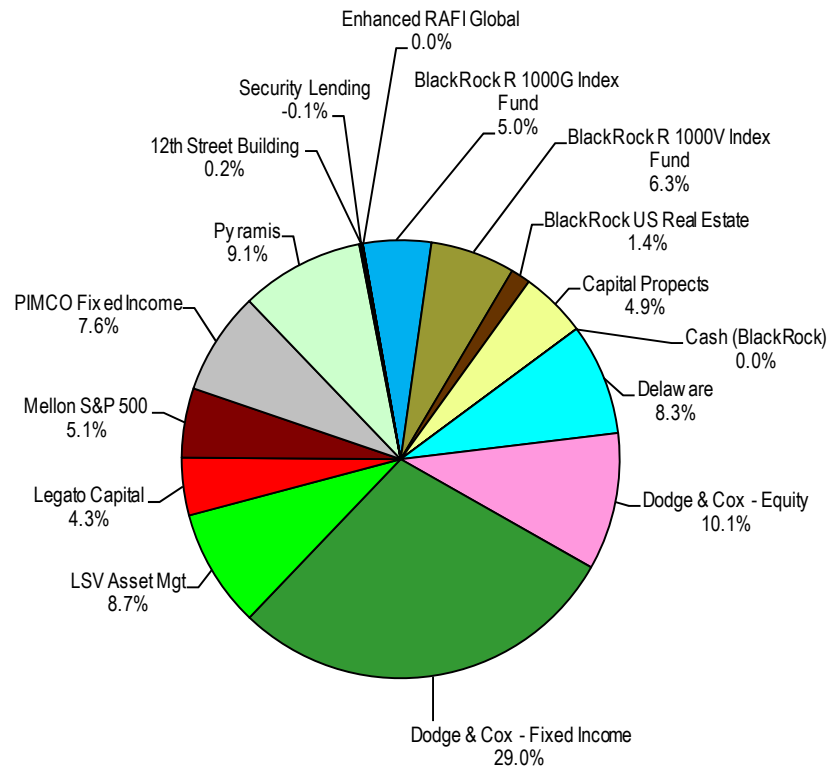
As of December 31, 2012



	Actual \$	Actual %
US Equity	\$646,087,521	44.0%
International Equity	\$262,687,460	17.9%
US Fixed Income	\$537,180,804	36.6%
Real Estate	\$23,940,643	1.6%
Other	(\$1,025,713)	-0.1%
Total	\$1,468,870,714	

## Manager Allocation Analysis – Total Plan

As of December 31, 2012



Manager	Market Value	Current %
BlackRock R 1000G Index Fund	\$ 73,961,968	5.0%
BlackRock R 1000V Index Fund	\$ 92,095,982	6.3%
BlackRock US Real Estate	\$ 21,169,068	1.4%
Capital Prospects	\$ 72,075,208	4.9%
Cash (BlackRock)	\$ -	0.0%
Delaware	\$ 121,229,942	8.3%
Dodge & Cox - Equity	\$ 148,864,008	10.1%
Dodge & Cox - Fixed Income	\$ 425,372,810	29.0%
LSV Asset Mgt	\$ 128,498,591	8.7%
Legato Capital	\$ 62,569,935	4.3%
Mellon S&P 500	\$ 75,290,476	5.1%
PIMCO Fixed Income	\$ 111,807,994	7.6%
Pyramid	\$ 134,188,869	9.1%
12th Street Building	\$ 2,771,436	0.2%
Security Lending	\$ (1,025,713)	-0.1%
<b>Total</b>	<b>\$ 1,468,870,574</b>	<b>100.0%</b>

# Performance Summary

Periods Ending December 31, 2012

	FISCAL 1		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
	QTR											
<b>Total Fund *</b>	<b>2.0</b>	<b>27</b>	<b>7.6</b>	<b>13</b>	<b>14.3</b>	<b>5</b>	<b>6.8</b>	<b>34</b>	<b>9.0</b>	<b>28</b>	<b>3.3</b>	<b>61</b>
<i>Policy Index<sup>1</sup></i>	1.4	71	6.1	58	12.1	49	6.2	54	8.6	44	2.9	74
<i>IF Public DB median</i>	1.7		6.4		11.9		6.3		8.4		3.5	
<b>US EQUITY MANAGERS</b>												
LARGE CORE												
<b>Mellon Capital - gross of fees</b>	<b>-0.4</b>	<b>24</b>	<b>6.0</b>	<b>11</b>	<b>16.0</b>	<b>16</b>	<b>8.9</b>	<b>23</b>	<b>10.9</b>	<b>11</b>	<b>1.7</b>	<b>38</b>
<i>Mellon Capital - net of fees</i>	-0.4		6.0		16.0		8.7		10.8		1.7	
<i>S&amp;P 500 Index</i>	-0.4	58	6.0	41	16.0	57	8.8	64	10.9	58	1.7	86
LARGE GROWTH												
<b>BlackRock R1000G - gross of fees</b>	<b>-1.3</b>	<b>64</b>	<b>4.8</b>	<b>61</b>	<b>15.4</b>	<b>53</b>	<b>8.9</b>	<b>32</b>				
<i>BlackRock R1000G - net of fees</i>	-1.3		4.8		15.4		8.9					
<b>Delaware</b>	<b>-0.5</b>	<b>40</b>	<b>6.0</b>	<b>39</b>	<b>17.0</b>	<b>36</b>	<b>12.9</b>	<b>3</b>	<b>13.5</b>	<b>7</b>	<b>3.8</b>	<b>23</b>
<i>Delaware - net of fees</i>	-0.6		5.8		16.6		12.4		12.9		3.3	
<i>Russell 1000 Growth Index</i>	-1.3	64	4.7	63	15.3	55	8.8	34	11.4	36	3.1	37
LARGEVALUE												
<b>BlackRock R1000V - gross of fees</b>	<b>1.5</b>	<b>45</b>	<b>8.2</b>	<b>42</b>	<b>17.6</b>	<b>30</b>	<b>8.7</b>	<b>40</b>				
<i>BlackRock R1000V - net of fees</i>	1.5		8.2		17.6		8.7					
<b>Dodge &amp; Cox - gross of fees</b>	<b>2.6</b>	<b>24</b>	<b>10.9</b>	<b>10</b>	<b>22.3</b>	<b>3</b>	<b>8.9</b>	<b>38</b>	<b>10.7</b>	<b>44</b>	<b>0.9</b>	<b>71</b>
<i>Dodge &amp; Cox - net of fees</i>	2.5		10.8		22.1		8.7		10.5		0.7	
<i>Russell 1000 Value Index</i>	1.5	45	8.1	43	17.5	30	8.6	43	10.9	41	0.6	74
SMALL GROWTH												
<b>Legato Capital - gross of fees</b>	<b>0.1</b>	<b>51</b>	<b>5.7</b>	<b>47</b>	<b>18.1</b>	<b>24</b>	<b>7.6</b>	<b>43</b>	<b>13.6</b>	<b>59</b>		
<i>Legato Capital - net of fees</i>	-0.1		5.3		17.4		6.8		12.6			
<i>Russell 2000 Growth Index</i>	0.4	45	5.3	51	14.6	48	5.5	62	12.8	66		
SMALL VALUE												
<b>Capital Prospects - gross of fees</b>	<b>6.6</b>	<b>10</b>	<b>14.6</b>	<b>6</b>	<b>23.8</b>	<b>9</b>	<b>9.0</b>	<b>21</b>	<b>15.0</b>	<b>21</b>		
<i>Capital Prospects - net of fees</i>	6.4		14.2		23.2		8.3		14.2			
<i>Russell 2000 Value Index</i>	3.2	67	9.1	55	18.0	43	5.6	68	11.6	72		
<b>US Equity Composite</b>	<b>1.2</b>	<b>25</b>	<b>8.1</b>	<b>16</b>	<b>18.8</b>	<b>7</b>	<b>9.3</b>	<b>12</b>	<b>11.9</b>	<b>25</b>	<b>1.5</b>	<b>71</b>
<i>80% R1000/20% R2000</i>	0.5	57	6.6	55	16.7	32	8.4	37	11.7	32	2.4	41
<i>Russell 3000 Index</i>	0.2	73	6.5	62	16.4	43	8.4	34	11.2	52	2.0	54
<i>IF All DB US Eq Gross Median</i>	0.6		6.8		16.2		8.0		11.3		2.2	

Rankings: 1=highest, 100=lowest.

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

<sup>1</sup> Effective 10/1/2012, Policy Index is 33.4% Russell 1000, 8.5% Russell 2000, 19% MSCI ACWI -ex US, 37.6% Barclays Aggregate, 1.5% DJ US Select REIT.

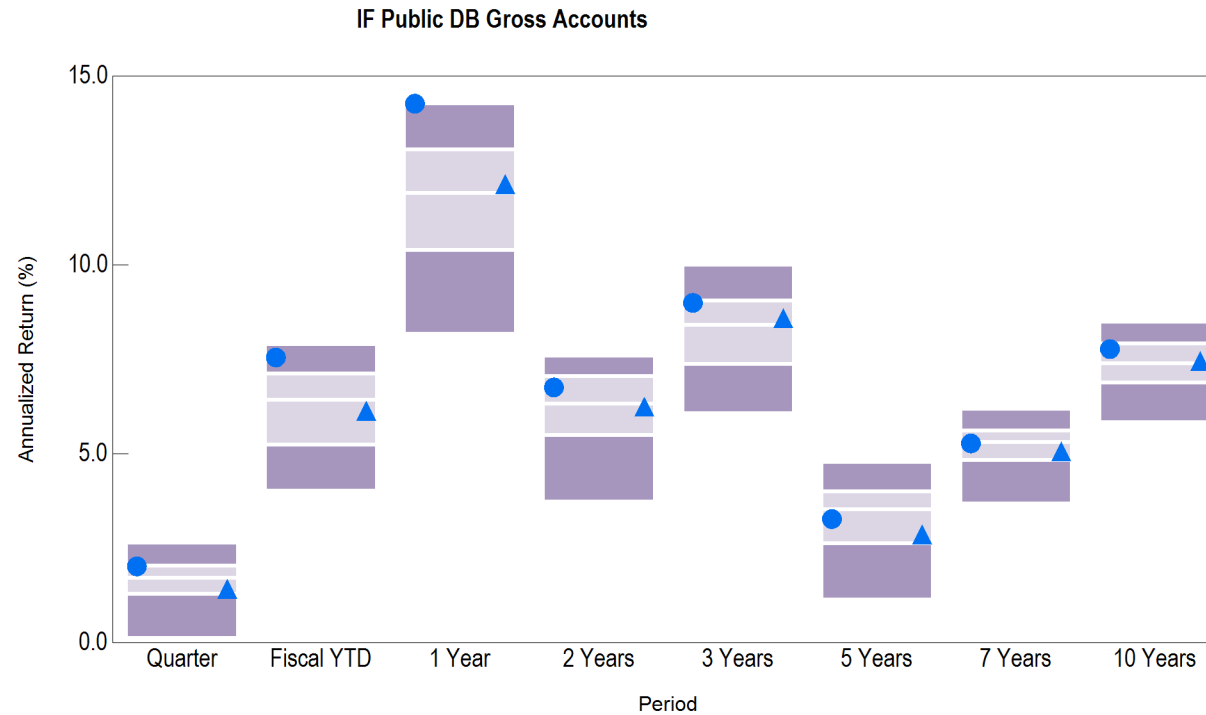
## Performance Summary

Periods Ending December 31, 2012

	FISCAL 1		FISCAL YTD		1 YEAR		2 YEAR		3 YEAR		5 YEAR	
	QTR											
<b>INTERNATIONAL EQUITY MANAGERS</b>												
<b>LSV - gross of fees</b>	<b>5.7</b>	<b>75</b>	<b>14.8</b>	<b>57</b>	<b>16.7</b>	<b>75</b>	<b>1.0</b>	<b>73</b>	<b>5.0</b>	<b>57</b>	<b>-2.1</b>	<b>67</b>
LSV - net of fees	5.6		14.4		16.2		0.5		4.4		-2.6	
<b>Pyramis - gross of fees</b>	<b>5.9</b>	<b>43</b>	<b>14.2</b>	<b>34</b>	<b>19.3</b>	<b>52</b>	<b>1.6</b>	<b>50</b>	<b>5.5</b>	<b>65</b>	<b>-2.4</b>	<b>68</b>
Pyramis - net of fees	5.8		13.9		18.8		1.1		5.0		-2.8	
<b>International Equity Composite</b>	<b>5.8</b>	<b>70</b>	<b>14.5</b>	<b>41</b>	<b>18.0</b>	<b>63</b>	<b>1.2</b>	<b>57</b>	<b>5.2</b>	<b>35</b>	<b>-2.2</b>	<b>40</b>
MSCI ACWI -ex US Index	5.9	68	13.8	55	17.4	70	0.9	66	4.3	60	-2.4	45
IF All DB ex-US Eq Gross Median	6.6		14.0		18.7		1.5		4.6		-2.7	
<b>US FIXED INCOME MANAGER</b>												
CORE												
<b>Dodge &amp; Cox - gross of fees</b>	<b>1.1</b>	<b>9</b>	<b>3.7</b>	<b>13</b>	<b>8.4</b>	<b>9</b>	<b>6.9</b>	<b>50</b>	<b>7.3</b>	<b>40</b>	<b>7.6</b>	<b>15</b>
Dodge & Cox - net of fees	1.1		3.6		8.3		6.8		7.1		7.5	
<b>PIMCO - gross of fees</b>	<b>0.5</b>	<b>52</b>	<b>2.5</b>	<b>56</b>	<b>5.8</b>	<b>54</b>	<b>7.2</b>	<b>35</b>				
PIMCO - net of fees	0.4		2.4		5.5		6.8					
Barclays Aggregate Index	0.2	82	1.8	87	4.2	90	6.0	84	6.2	84	5.9	85
<b>US Fixed Income Composite</b>	<b>1.0</b>	<b>35</b>	<b>3.4</b>	<b>50</b>	<b>7.9</b>	<b>49</b>	<b>6.9</b>	<b>63</b>	<b>7.3</b>	<b>63</b>	<b>7.6</b>	<b>42</b>
Barclays Aggregate Index	0.2	85	1.8	89	4.2	90	6.0	81	6.2	81	5.9	76
IF All DB US Fix Inc Gross Median	0.7		3.4		7.8		7.4		7.8		7.1	
<b>SPECIAL SITUATIONS</b>												
DOMESTIC REAL ESTATE												
<b>BlackRock US Real Estate - gross of fees<sup>2</sup></b>	<b>2.3</b>											
BlackRock US Real Estate - net of fees	2.3											
DJ US Select RESI TR USD	2.3											
<b>Special Situations Composite</b>	<b>2.3</b>		<b>10.2</b>		<b>5.6</b>		<b>-2.6</b>		<b>3.9</b>			
Special Situation Custom Index	2.3		7.9		16.1		8.0		12.0			
<b>REAL ESTATE</b>												
<b>12th Street</b>	<b>0.0</b>											

<sup>2</sup> Funded on 9/26/2012.

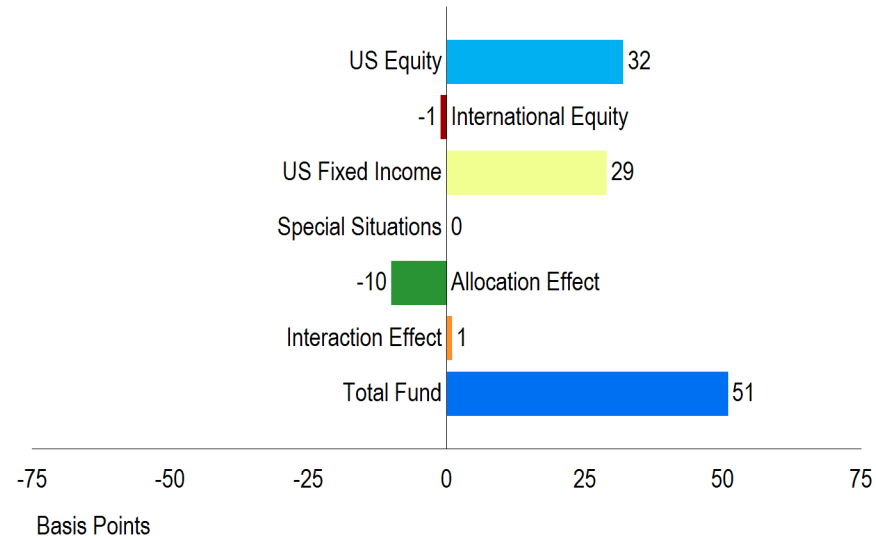




	Return (Rank)							
5th Percentile	2.6	7.9	14.3	7.6	10.0	4.8	6.2	8.5
25th Percentile	2.0	7.1	13.1	7.1	9.1	4.0	5.6	7.9
Median	1.7	6.4	11.9	6.3	8.4	3.5	5.3	7.4
75th Percentile	1.3	5.3	10.4	5.5	7.4	2.7	4.8	6.9
95th Percentile	0.1	4.0	8.2	3.7	6.1	1.2	3.7	5.8
# of Portfolios	166	164	162	143	134	127	117	101
● Total Fund	2.0 (27)	7.6 (13)	14.3 (5)	6.8 (34)	9.0 (28)	3.3 (61)	5.3 (54)	7.8 (36)
▲ Policy Index	1.4 (71)	6.1 (58)	12.1 (49)	6.2 (54)	8.6 (44)	2.9 (74)	5.1 (65)	7.5 (48)

## Performance Attribution - Total Plan

Quarter Ending December 31, 2012



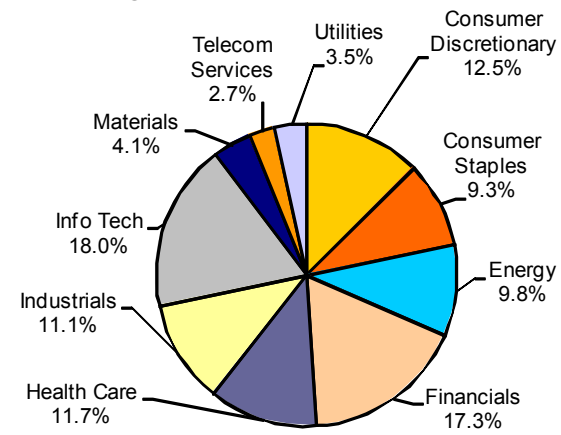
## Attribution Summary

	Actual Return	Target Return	Relative Return	Selection Effect	Asset Allocation Effect	Interaction Effects	Total Effects
US Equity	1.22%	0.47%	0.75%	0.32%	-0.03%	0.02%	0.31%
International Equity	5.82%	5.89%	-0.07%	-0.01%	-0.07%	0.00%	-0.08%
US Fixed Income	0.97%	0.21%	0.76%	0.29%	0.00%	-0.01%	0.29%
Special Situations	2.31%	2.31%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total</b>	<b>1.93%</b>	<b>1.42%</b>	<b>0.51%</b>	<b>0.59%</b>	<b>-0.10%</b>	<b>0.01%</b>	<b>0.51%</b>

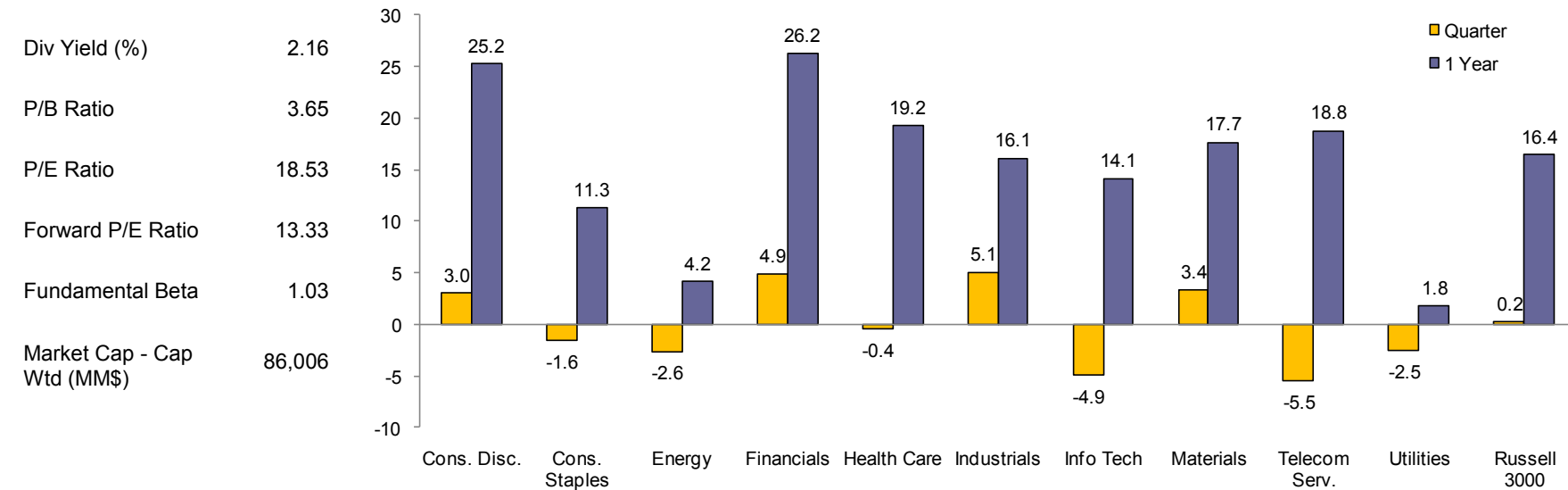
## U.S. Equity – Russell 3000

- Quantitative easing throughout the developed world helped improve the performance of higher beta sectors; the industrials sector returned 5.1 percent in the fourth quarter, while materials stocks rose 3.4%.
- The pickup in risk-seeking behavior left the more defensive consumer staples and utilities sectors with returns of -1.6% and -2.5% in the fourth quarter, respectively.
- Overall, the Russell 3000 index returned 0.2% during the quarter; the yearly return was 16.4%.

Ending Sector Weights



### Characteristics

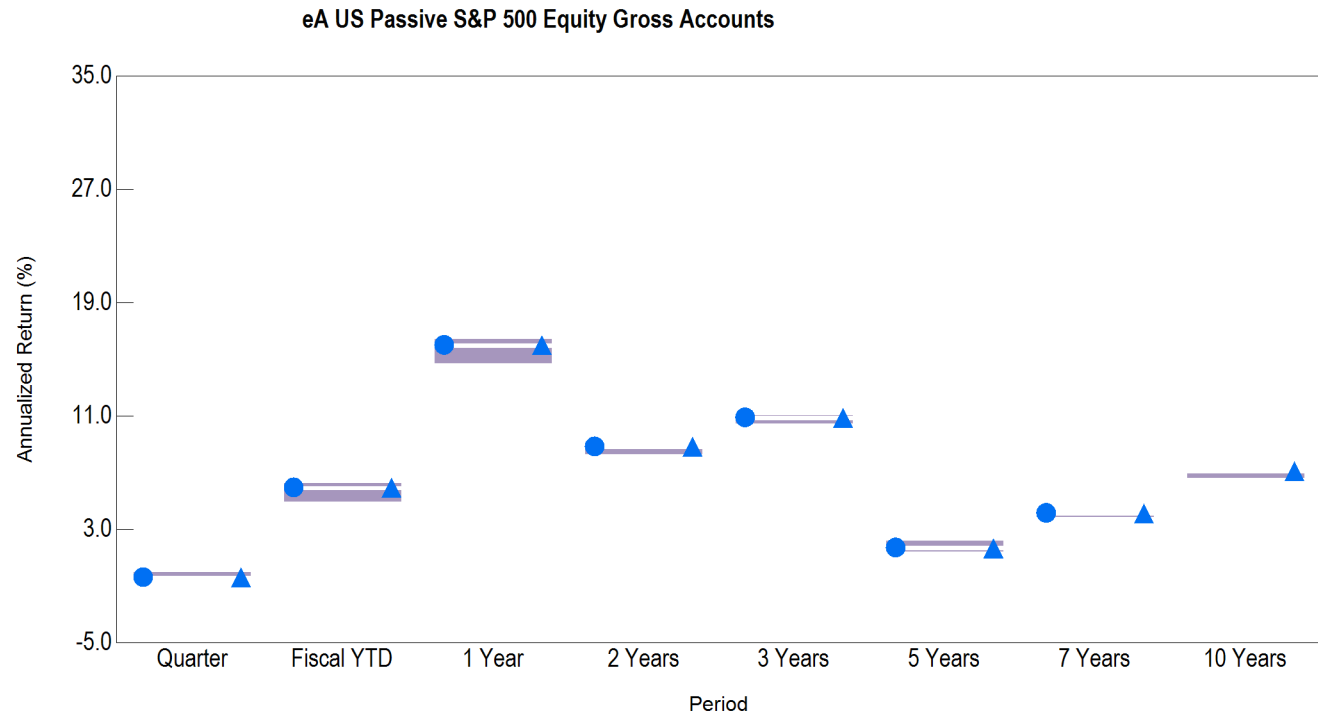


### Contribution to Return:

Qtr	0.4	-0.1	-0.3	0.8	-0.1	0.5	-0.9	0.1	-0.2	-0.1	0.2
1 Year	2.9	1.1	0.5	3.9	2.3	1.8	2.6	0.7	0.5	0.1	16.4

## Total Returns - Passive S&amp;P 500

Periods Ending December 31, 2012

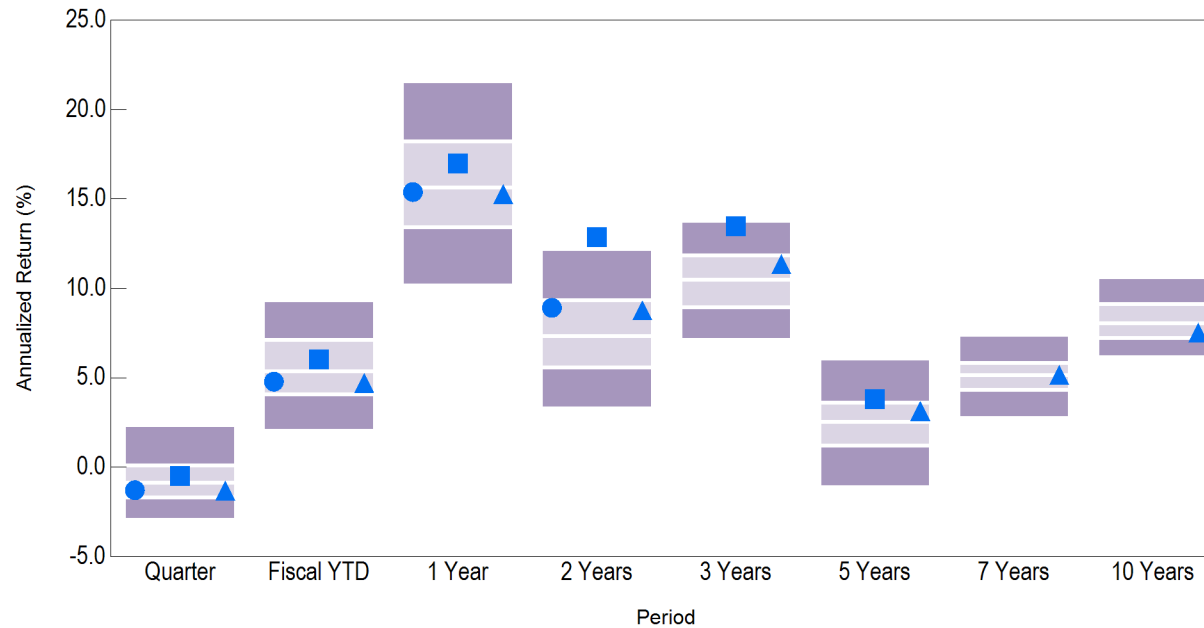


	Return (Rank)							
5th Percentile	0.1	6.4	16.6	8.9	11.2	2.3	4.4	7.2
25th Percentile	-0.4	6.0	16.0	8.9	10.9	1.7	4.2	7.1
Median	-0.4	6.0	16.0	8.8	10.9	1.7	4.2	7.1
75th Percentile	-0.4	5.9	16.0	8.8	10.9	1.7	4.1	7.1
95th Percentile	-0.7	4.9	14.6	8.2	10.4	1.3	3.8	6.5
# of Portfolios	19	19	19	19	19	19	19	16
● Mellon S&P 500	-0.4 (24)	6.0 (11)	16.0 (16)	8.9 (23)	10.9 (11)	1.7 (38)	4.2 (58)	-- (--)
▲ S&P 500	-0.4 (58)	6.0 (41)	16.0 (57)	8.8 (64)	10.9 (58)	1.7 (86)	4.1 (88)	7.1 (84)

## Total Returns - Large Cap Growth

Periods Ending December 31, 2012

eA US Large Cap Growth Equity Gross Accounts

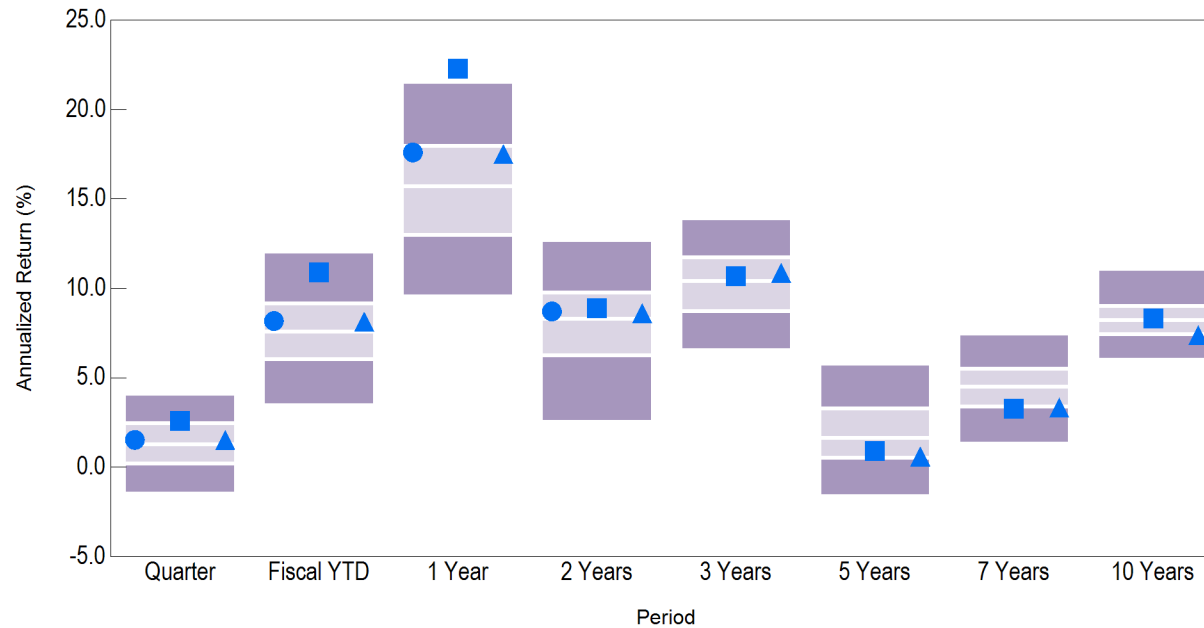


	Return (Rank)							
5th Percentile	2.3	9.3	21.6	12.2	13.8	6.0	7.4	10.6
25th Percentile	0.1	7.1	18.2	9.4	11.9	3.6	5.8	9.1
Median	-0.9	5.4	15.7	7.3	10.5	2.6	5.2	8.1
75th Percentile	-1.7	4.1	13.4	5.6	9.0	1.2	4.4	7.2
95th Percentile	-2.9	2.0	10.2	3.3	7.1	-1.1	2.8	6.2
# of Portfolios	274	274	274	274	268	259	233	200
● BlackRock Russell 1000 Growth	-1.3 (64)	4.8 (61)	15.4 (53)	8.9 (32)	-- (--)	-- (--)	-- (--)	-- (--)
■ Delaware	-0.5 (40)	6.0 (39)	17.0 (36)	12.9 (3)	13.5 (7)	3.8 (23)	-- (--)	-- (--)
▲ Russell 1000 Growth	-1.3 (64)	4.7 (63)	15.3 (55)	8.8 (34)	11.4 (36)	3.1 (37)	5.2 (51)	7.5 (65)

## Total Returns - Large Cap Value

Periods Ending December 31, 2012

eA US Large Cap Value Equity Gross Accounts

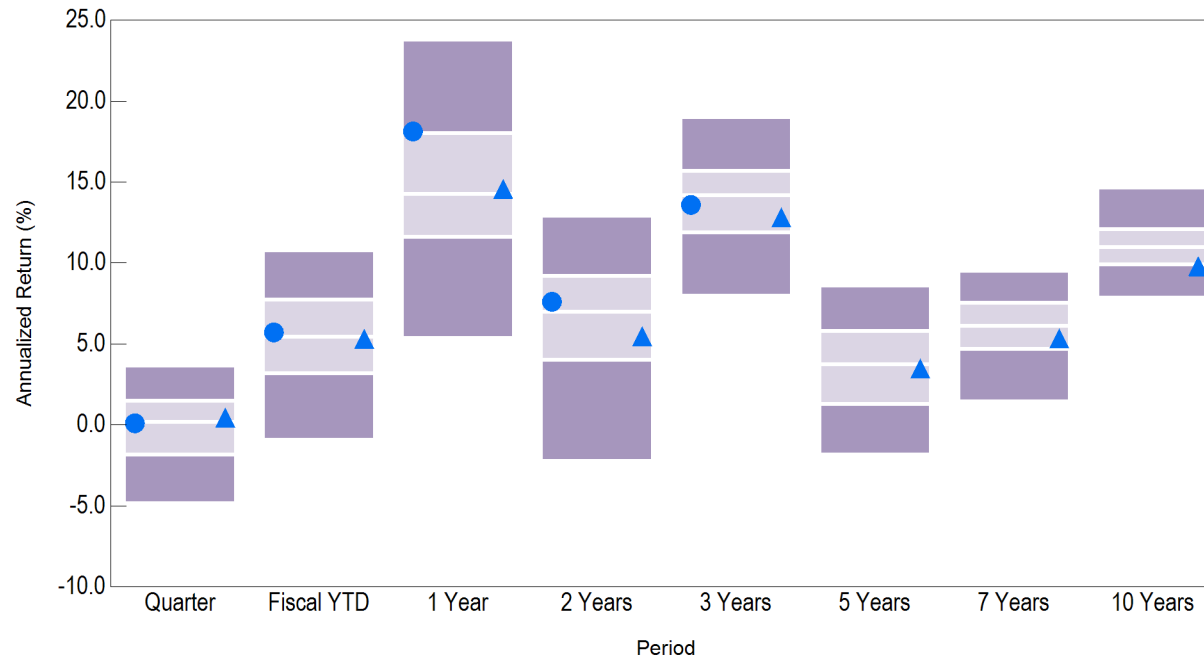


	Return (Rank)							
5th Percentile	4.1	12.0	21.5	12.7	13.9	5.8	7.5	11.1
25th Percentile	2.5	9.2	18.0	9.8	11.8	3.3	5.5	9.0
Median	1.3	7.6	15.7	8.3	10.4	1.6	4.5	8.2
75th Percentile	0.2	6.1	13.0	6.3	8.7	0.6	3.4	7.4
95th Percentile	-1.5	3.5	9.6	2.5	6.6	-1.6	1.3	6.0
# of Portfolios	303	303	303	303	299	285	267	210
● BlackRock Russell 1000 Value	1.5 (45)	8.2 (42)	17.6 (30)	8.7 (40)	-- (--)	-- (--)	-- (--)	-- (--)
■ Dodge & Cox-Equity	2.6 (24)	10.9 (10)	22.3 (3)	8.9 (38)	10.7 (44)	0.9 (71)	3.3 (77)	8.3 (49)
▲ Russell 1000 Value	1.5 (45)	8.1 (43)	17.5 (30)	8.6 (43)	10.9 (41)	0.6 (74)	3.3 (76)	7.4 (76)

## Total Returns - Small Cap Growth

Periods Ending December 31, 2012

eA US Small Cap Growth Equity Gross Accounts

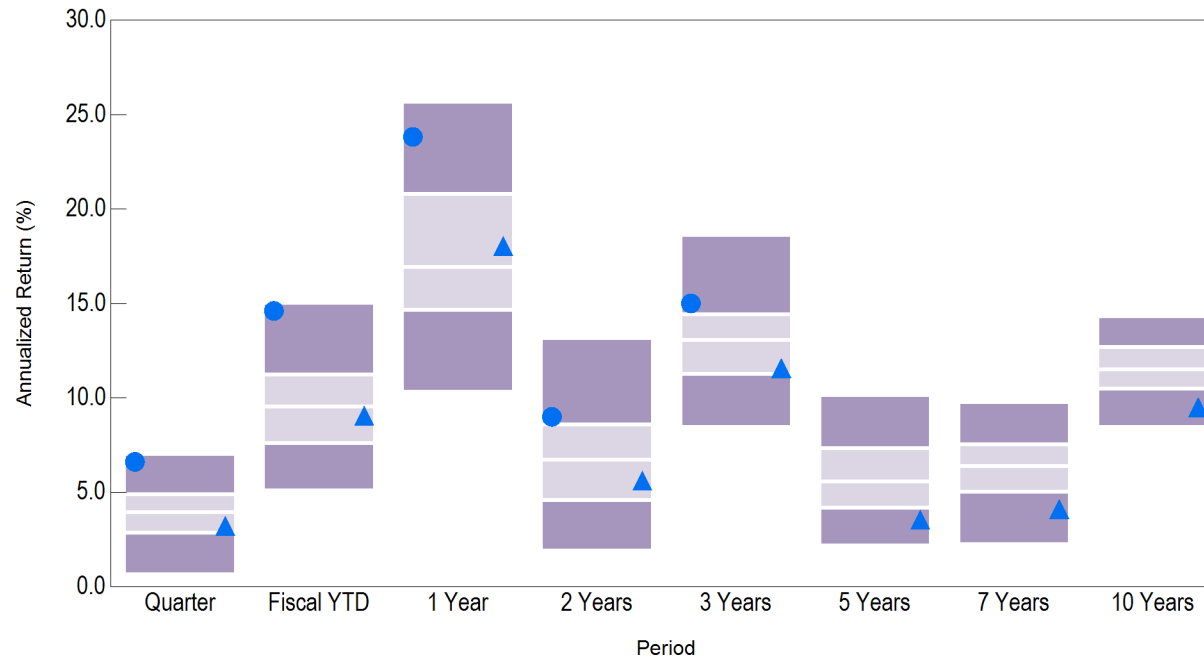


	Return (Rank)							
5th Percentile	3.7	10.8	23.8	12.9	19.0	8.6	9.5	14.7
25th Percentile	1.5	7.8	18.0	9.2	15.7	5.8	7.6	12.1
Median	0.2	5.4	14.3	7.0	14.2	3.8	6.1	11.0
75th Percentile	-1.8	3.2	11.6	4.0	11.9	1.3	4.7	9.9
95th Percentile	-4.8	-0.9	5.4	-2.2	8.0	-1.8	1.5	7.9
# of Portfolios	162	162	162	160	156	142	130	111
● Legato Capital	0.1 (51)	5.7 (47)	18.1 (24)	7.6 (43)	13.6 (59)	-- (--)	-- (--)	-- (--)
▲ Russell 2000 Growth	0.4 (45)	5.3 (51)	14.6 (48)	5.5 (62)	12.8 (66)	3.5 (54)	5.3 (68)	9.8 (77)

## Total Returns - Small Cap Value

Periods Ending December 31, 2012

eA US Small Cap Value Equity Gross Accounts



	Return (Rank)							
5th Percentile	7.0	15.0	25.7	13.2	18.6	10.1	9.8	14.3
25th Percentile	4.9	11.2	20.8	8.6	14.4	7.4	7.5	12.7
Median	4.0	9.6	16.9	6.7	13.1	5.6	6.4	11.5
75th Percentile	2.9	7.6	14.7	4.6	11.3	4.2	5.1	10.5
95th Percentile	0.7	5.1	10.3	1.9	8.5	2.2	2.3	8.5
# of Portfolios	187	187	187	186	184	172	152	132
● Capital Prospects	6.6 (10)	14.6 (6)	23.8 (9)	9.0 (21)	15.0 (21)	-- (--)	-- (--)	-- (--)
▲ Russell 2000 Value	3.2 (67)	9.1 (55)	18.0 (43)	5.6 (68)	11.6 (72)	3.5 (86)	4.1 (89)	9.5 (89)



## Equity Only Summary Statistics - BlackRock Russell 1000 Growth Index Fund

Quarter Ending December 31, 2012

## Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	572	571
Weighted Avg. Market Cap. (\$B)	97.8	97.8
Median Market Cap. (\$B)	6.3	6.3
Price To Earnings	21.0	20.3
Price To Book	5.4	4.9
Price To Sales	3.0	2.9
Return on Equity (%)	30.1	25.6
Yield (%)	1.8	1.8
Beta (holdings; domestic)	1.0	1.0

## Top Holdings

APPLE	7.1%
INTERNATIONAL BUS.MCHS.	3.0%
MICROSOFT	2.8%
GOOGLE 'A'	2.6%
COCA COLA	2.0%
PHILIP MORRIS INTL.	1.9%
ORACLE	1.8%
VERIZON COMMUNICATIONS	1.7%
PEPSICO	1.5%
QUALCOMM	1.5%

## Best Performers

	Return %
GREEN MNT.COF.ROASTERS (GMCR)	74.1%
NETFLIX (NFLX)	70.1%
UNITED RENTALS (URI)	39.2%
LIBERTY VENTURES 'A' (LVNTA)	36.5%
CARMAX (KMX)	32.7%
POLYPORE INTERNATIONAL (PPO)	31.5%
DELTA AIR LINES (DAL)	29.6%
TENET HEALTHCARE (THC)	29.5%
TIMKEN (TKR)	29.5%
ACME PACKET (APKT)	29.4%

## Worst Performers

	Return %
ITT EDUCATIONAL SVS. (ESI)	-46.3%
HERBALIFE (HLF)	-30.1%
ADVANCED MICRO DEVC. (AMD)	-28.8%
APOLLO GP.'A' (APOL)	-28.0%
TIBCO SOFTWARE (TIBX)	-27.3%
VERTEX PHARMS. (VRTX)	-25.0%
WESTERN UNION (WU)	-24.6%
FUSION-IO (FIO)	-24.2%
SPIRIT AEROSYSTEMS CL.A (SPR)	-23.6%
ALLIED NEVADA GOLD (ANV)	-22.9%

## Equity Only Summary Statistics - BlackRock Russell 1000 Value Index Fund

Quarter Ending December 31, 2012

## Characteristics

	Portfolio	Russell 1000 Value
Number of Holdings	697	696
Weighted Avg. Market Cap. (\$B)	86.0	86.0
Median Market Cap. (\$B)	5.0	5.0
Price To Earnings	16.0	16.7
Price To Book	1.9	1.9
Price To Sales	1.7	1.6
Return on Equity (%)	13.6	12.9
Yield (%)	2.6	2.5
Beta (holdings; domestic)	1.2	1.2

## Top Holdings

EXXON MOBIL	5.4%
GENERAL ELECTRIC	3.0%
CHEVRON	2.9%
AT&T	2.6%
PFIZER	2.5%
PROCTER & GAMBLE	2.3%
WELLS FARGO & CO	2.2%
JP MORGAN CHASE & CO.	2.2%
BERKSHIRE HATHAWAY 'B'	2.1%
JOHNSON & JOHNSON	2.0%

## Best Performers

	Return %
CLEARWIRE 'A' (CLWR)	115.7%
GREEN MNT.COF.ROASTERS (GMCR)	74.1%
ALPHA NATURAL RESOURCES (ANR)	48.2%
GENWORTH FINANCIAL (GNW)	43.6%
ABERCROMBIE & FITCH 'A' (ANF)	42.0%
JEFFERIES GP. (JEF)	36.9%
LIBERTY VENTURES 'A' (LVNTA)	36.5%
CREE (CREE)	33.2%
CARMAX (KMX)	32.7%
FORD MOTOR (F)	31.9%

## Worst Performers

	Return %
BEST BUY (BBY)	-30.1%
ALSP.HLTHCR.SLTN. (MDRX)	-24.2%
SPIRIT AEROSYSTEMS CL.A (SPR)	-23.6%
MBIA (MBI)	-22.5%
PITNEY-BOWES (PBI)	-20.3%
VERISIGN (VRSN)	-20.3%
MARVELL TECH.GROUP (MRVL)	-20.1%
SEARS HOLDINGS (SHLD)	-20.0%
PENNEY JC (JCP)	-18.9%
MOLYCORP (MCP)	-17.9%

Stanislaus County Employees' Retirement Association

## Equity Only Summary Statistics - Capital Prospects

Quarter Ending December 31, 2012

Characteristics	Portfolio	Russell 2000 Value
Number of Holdings	347	1,422
Weighted Avg. Market Cap. (\$B)	2.0	1.2
Median Market Cap. (\$B)	1.3	0.5
Price To Earnings	17.0	13.1
Price To Book	2.4	1.5
Price To Sales	1.4	1.7
Return on Equity (%)	13.5	6.6
Yield (%)	1.5	1.8
Beta (holdings; domestic)	1.4	1.4

Top Holdings	
HILLENBRAND	1.5%
REGAL BELOIT	1.4%
BELDEN	1.4%
HANESBRANDS	1.2%
GULFPORT EN.	1.2%
POLYONE	1.1%
BRINK'S	1.1%
PHH	1.1%
LITTELFUSE	1.1%
MEREDITH	1.1%

Best Performers	
	Return %
HOVNANIAN ENTS.'A' (HOV)	102.3%
CYMER (CYMI)	77.1%
LIN TV 'A' (TVL)	71.1%
NACCO INDUSTRIES 'A' (NC)	62.5%
LOUISIANA PACIFIC (LPX)	54.6%
STRATASYS (SSYS)	47.3%
MCCLATCHY 'A' (MNI)	46.6%
BARRETT BUS.SVS. (BBSI)	41.1%
TNS (TNS)	38.7%
NCI BUILDING SYS. (NCS)	38.6%

Worst Performers	
	Return %
GT ADVANCED TECHS. (GTAT)	-44.4%
ARC DOCUMENT SOLUTIONS (ARC)	-40.0%
POWER-ONE (PWER)	-26.4%
VIROPHARMA (VPHM)	-24.6%
MEADOWBROOK INS GROUP (MIG)	-24.6%
SPIRIT AEROSYSTEMS CL.A (SPR)	-23.6%
FOREST OIL (FST)	-20.8%
LSB INDS. (LXU)	-19.3%
STONE ENERGY (SGY)	-18.3%
COMSTOCK RES. (CRK)	-17.7%

## Equity Sector Attribution - Capital Prospects

Quarter Ending December 31, 2012

## 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	0.3%	0.3%	0.0%		-0.1%	5.3%	0.6%	5.5%	6.4%		
Materials	0.3%	0.2%	0.1%		0.0%	10.8%	8.0%	7.2%	5.5%		
Industrials	0.8%	0.3%	0.4%		0.1%	11.4%	9.4%	18.9%	12.7%		
Cons. Disc.	1.0%	0.6%	0.1%		0.3%	10.3%	5.4%	18.1%	11.7%		
Cons. Staples	0.0%	0.1%	0.0%		0.0%	1.9%	-0.5%	3.1%	2.6%		
Health Care	0.4%	0.4%	-0.1%		0.1%	1.6%	-6.1%	6.6%	4.9%		
Financials	0.4%	0.4%	0.2%		-0.1%	3.3%	2.3%	22.0%	36.4%		
Info. Tech	0.1%	0.1%	0.0%		0.0%	5.9%	5.0%	12.2%	12.2%		
Telecomm.	0.1%	--	0.1%		--	--	-5.7%	0.0%	0.6%		
Utilities	0.3%	0.2%	0.2%		-0.1%	-0.2%	-2.7%	3.1%	6.9%		
Cash	-0.2%	0.0%	-0.2%		0.0%	0.0%	--	3.3%	0.0%		
Portfolio	3.4%	=	2.4%	+	0.8%	+	0.3%	6.6%	3.2%	100.0%	100.0%

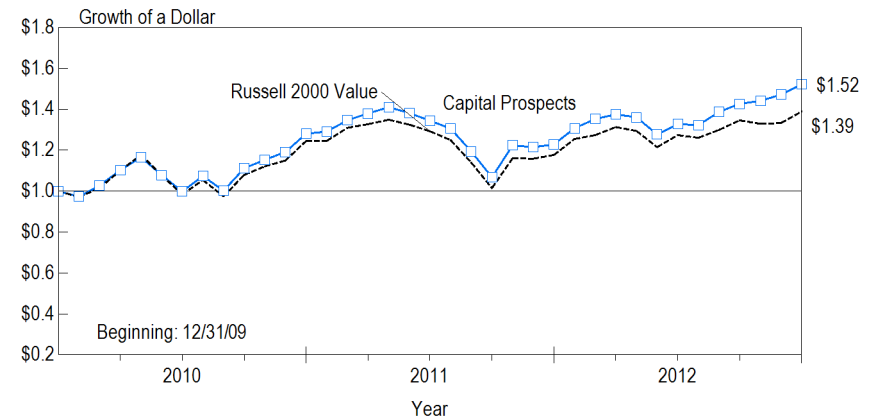
## Return Based Style Analysis - Capital Prospects

3 Years Ending December 31, 2012

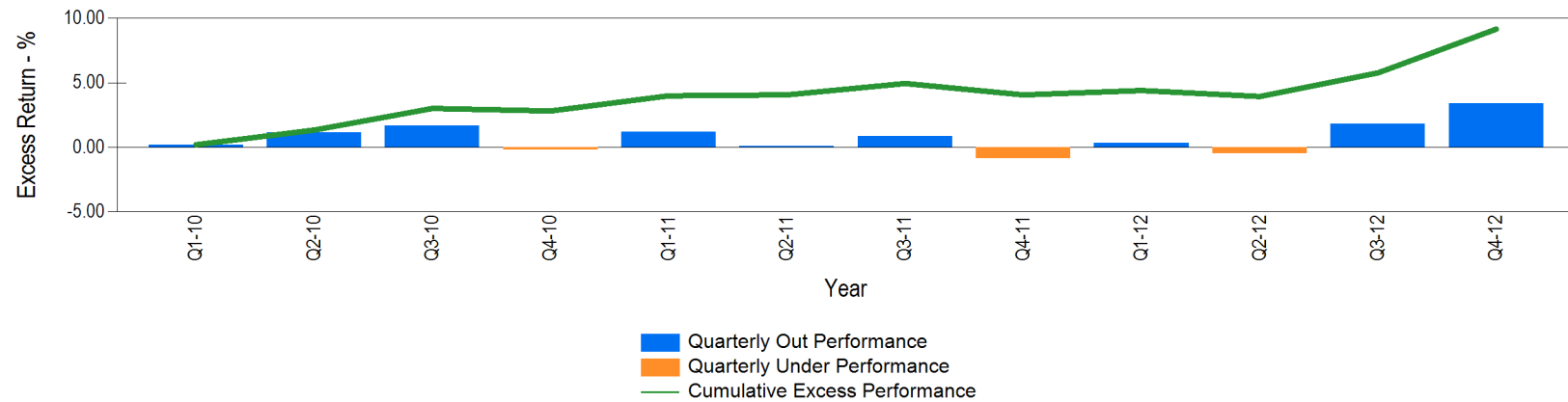
U.S. Effective Style Map



GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance



## Equity Only Summary Statistics - Delaware

Quarter Ending December 31, 2012

## Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	32	571
Weighted Avg. Market Cap. (\$B)	72.1	97.8
Median Market Cap. (\$B)	24.7	6.3
Price To Earnings	27.5	20.3
Price To Book	5.4	4.9
Price To Sales	4.4	2.9
Return on Equity (%)	23.0	25.6
Yield (%)	1.0	1.8
Beta (holdings; domestic)	1.1	1.0

## Top Holdings

APPLE	6.9%
EOG RES.	5.5%
VISA 'A'	5.5%
CROWN CASTLE INTL.	5.4%
QUALCOMM	5.0%
MASTERCARD	5.0%
KINDER MORGAN	4.6%
ALLERGAN	4.4%
ADOBE SYSTEMS	3.9%
INTUIT	3.9%

## Best Performers

	Return %
ADOBE SYSTEMS (ADBE)	16.2%
VISA 'A' (V)	13.1%
CROWN CASTLE INTL. (CCI)	12.6%
NIKE 'B' (NKE)	9.2%
MASTERCARD (MA)	8.9%
KINDER MORGAN WTS. (KMIW)	8.3%
EOG RES. (EOG)	8.0%
SYNGENTA SPN.ADR 5:1 (SYT)	7.9%
VERIFONE SYSTEMS (PAY)	6.6%
PROGRESSIVE OHIO (PGR)	6.5%

## Worst Performers

	Return %
APOLLO GP.'A' (APOL)	-28.0%
VERISIGN (VRSN)	-20.3%
APPLE (AAPL)	-19.8%
TERADATA (TDC)	-17.9%
PERRIGO (PRGO)	-10.4%
CME GROUP (CME)	-8.6%
INTERCONTINENTAL EX. (ICE)	-7.2%
GOOGLE 'A' (GOOG)	-6.2%
SALLY BEAUTY HOLDINGS (SBH)	-6.1%
BMC SOFTWARE (BMC)	-4.5%

## Equity Sector Attribution - Delaware

Quarter Ending December 31, 2012

## Delaware Performance Attribution vs. Russell 1000 Growth

## Attribution Effects

## Returns

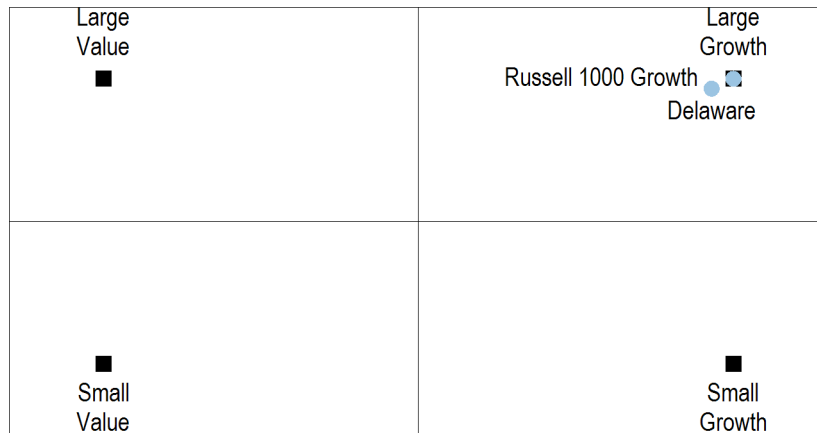
## Sector Weights

	Attribution Effects				Portfolio			
	Total							
	Effects		Selection	Allocation	Interaction		Benchmark	
			Effect	Effect	Effects	Portfolio		Portfolio
								Benchmark
Energy	0.6%		0.2%	0.0%	0.3%	4.6%	-1.4%	9.4%
Materials	0.1%		0.1%	0.0%	0.0%	7.9%	4.2%	3.0%
Industrials	-0.9%		-0.2%	-0.9%	0.1%	5.4%	6.9%	1.4%
Cons. Disc.	-0.2%		-0.1%	-0.1%	0.0%	0.3%	1.0%	11.6%
Cons. Staples	0.3%		0.7%	0.1%	-0.6%	2.4%	-2.5%	3.0%
Health Care	-0.1%		-0.1%	0.0%	0.0%	-1.0%	-0.2%	9.9%
Financials	-0.4%		-0.3%	0.2%	-0.3%	-2.6%	4.5%	8.7%
Info. Tech	0.7%		1.0%	-0.8%	0.4%	-3.7%	-6.8%	46.5%
Telecomm.	0.7%		0.3%	0.0%	0.4%	12.6%	-1.5%	5.3%
Utilities	0.0%		--	0.0%	--	--	-6.7%	0.0%
Cash	0.0%		0.0%	0.0%	0.0%	0.0%	--	1.1%
Portfolio	0.8%	=	1.8%	+	-1.4%	+	0.4%	-0.6%
								-1.3%
								100.0%
								100.0%

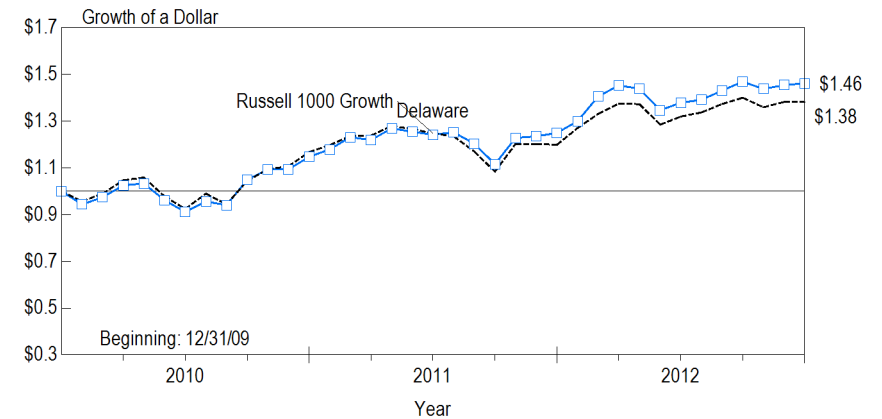
# Return Based Style Analysis - Delaware

3 Years Ending December 31, 2012

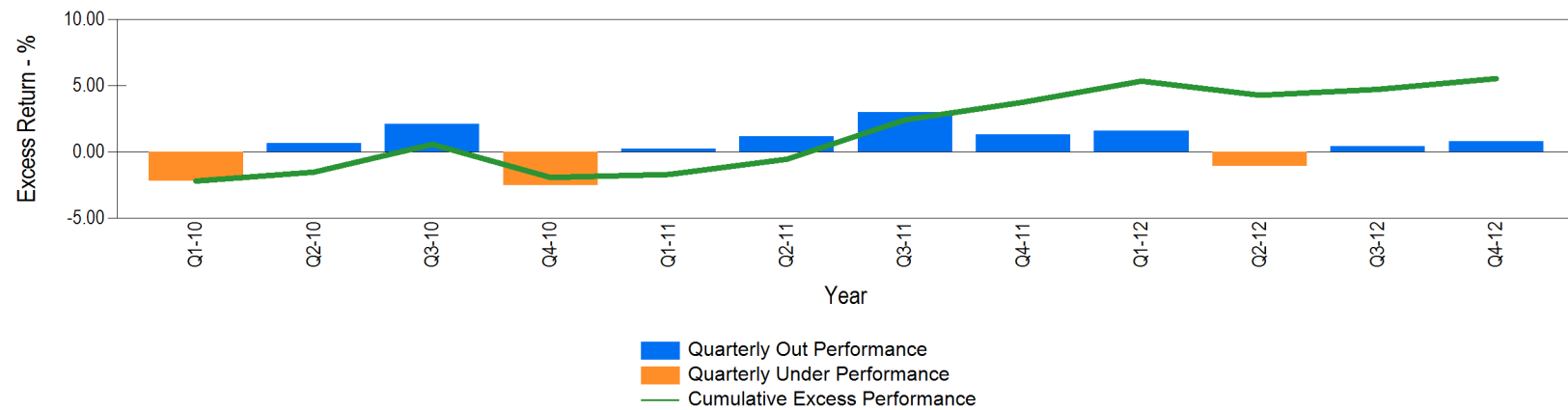
U.S. Effective Style Map



GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance





## Equity Only Summary Statistics - Dodge &amp; Cox

Quarter Ending December 31, 2012

Characteristics	Portfolio	Russell 1000 Value
Number of Holdings	77	696
Weighted Avg. Market Cap. (\$B)	76.4	86.0
Median Market Cap. (\$B)	17.8	5.0
Price To Earnings	13.6	16.7
Price To Book	2.3	1.9
Price To Sales	1.6	1.6
Return on Equity (%)	11.0	12.9
Yield (%)	2.1	2.5
Beta (holdings; domestic)	1.3	1.2

## Top Holdings

COMCAST 'A'	4.1%
WELLS FARGO & CO	3.8%
CAPITAL ONE FINL.	3.7%
MERCK & CO.	3.5%
GENERAL ELECTRIC	3.4%
SANOFI ADR 2:1	3.3%
TIME WARNER	3.1%
NOVARTIS 'B' SPN.ADR 1:1	3.0%
SPRINT NEXTEL	2.8%
GLAXOSMITHKLINE SPN.ADR 1:2	2.7%

## Best Performers

	Return %
NOKIA SPN.ADR 1:10 (NOK)	53.4%
GENWORTH FINANCIAL (GNW)	43.6%
CARMAX (KMX)	32.7%
BANK OF AMERICA (BAC)	31.6%
ADT (ADT)	29.5%
COMPUTER SCIS. (CSC)	25.0%
AEGON NV.ADR.1:1 (AEG)	23.6%
DISH NETWORK 'A' (DISH)	22.2%
CEMEX SPN.ADR 1:10 (CX)	18.5%
CELANESE 'A' (CE)	17.7%

## Worst Performers

	Return %
PITNEY-BOWES (PBI)	-20.3%
PENNEY JC (JCP)	-18.9%
HEWLETT-PACKARD (HPQ)	-15.7%
BB&T (BBT)	-11.7%
OCCIDENTAL PTL. (OXY)	-10.3%
VODAFONE GP.SPN.ADR 1:10 (VOD)	-9.8%
MICROSOFT (MSFT)	-9.5%
BAKER HUGHES (BHI)	-9.4%
MERCK & CO. (MRK)	-8.3%
PANASONIC ADR 1:1 (PC)	-7.6%

## Equity Sector Attribution - Dodge &amp; Cox

Quarter Ending December 31, 2012

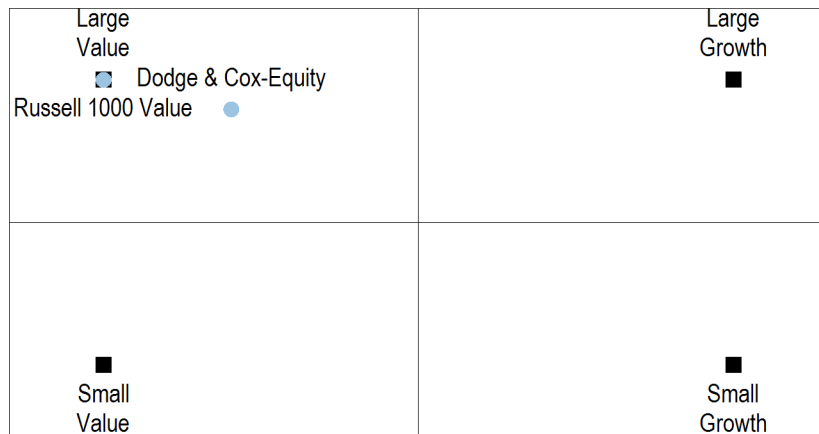
## Dodge &amp; Cox-Equity Performance Attribution vs. Russell 1000 Value

	Attribution Effects						Returns		Sector Weights		
	Total	Selection	Allocation		Interaction	Portfolio	Benchmark	Portfolio	Benchmark		
	Effects	Effect	Effect	Effects							
Energy	0.1%	-0.8%	0.4%		0.4%	-7.4%	-2.9%	7.2%	16.9%		
Materials	0.4%	0.4%	0.0%		0.0%	13.5%	2.4%	3.7%	3.9%		
Industrials	-0.1%	-0.1%	0.0%		0.0%	1.5%	2.1%	7.5%	9.1%		
Cons. Disc.	0.2%	-0.1%	0.4%		-0.1%	5.2%	6.9%	16.8%	7.9%		
Cons. Staples	0.0%	-0.2%	0.1%		0.1%	-2.6%	0.0%	2.4%	7.3%		
Health Care	-0.1%	0.0%	0.0%		0.0%	0.2%	0.4%	17.3%	11.7%		
Financials	0.3%	0.8%	-0.3%		-0.2%	8.4%	5.2%	18.8%	26.4%		
Info. Tech	-0.2%	-0.1%	0.2%		-0.3%	0.4%	2.6%	19.2%	6.3%		
Telecomm.	0.3%	0.3%	0.0%		0.0%	-1.2%	-8.0%	3.6%	3.8%		
Utilities	0.3%	--	0.3%		--	--	-2.3%	0.0%	6.8%		
Cash	-0.1%	0.0%	-0.1%		0.0%	0.0%	--	3.6%	0.0%		
Portfolio	1.1%	=	0.2%	+	1.0%	+	-0.1%	2.6%	1.5%	100.0%	100.0%

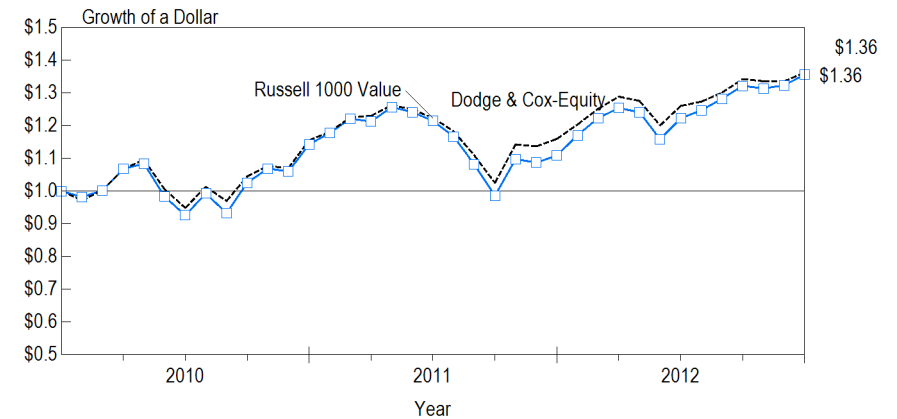
## Return Based Style Analysis - Dodge &amp; Cox

3 Years Ending December 31, 2012

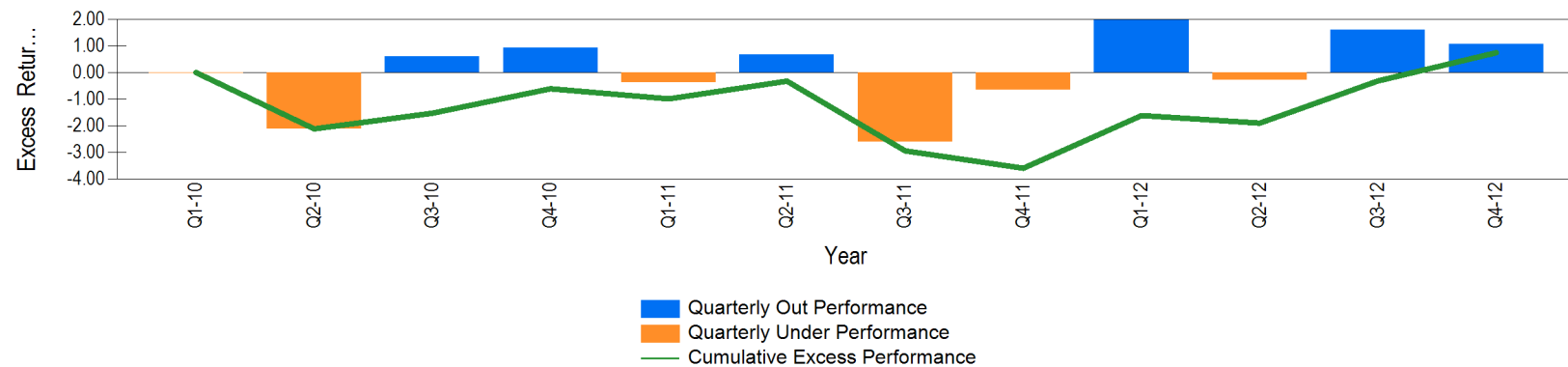
U.S. Effective Style Map



GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance



## Equity Only Summary Statistics - Legato Capital

Quarter Ending December 31, 2012

Characteristics	Portfolio	Russell 2000 Growth
Number of Holdings	439	1,120
Weighted Avg. Market Cap. (\$B)	1.7	1.5
Median Market Cap. (\$B)	1.2	0.6
Price To Earnings	19.8	18.3
Price To Book	4.0	4.0
Price To Sales	3.0	2.6
Return on Equity (%)	11.4	13.6
Yield (%)	0.3	0.4
Beta (holdings; domestic)	1.4	1.4

## Top Holdings

ULTIMATE SOFTWARE GP.	1.6%
UTD.NTRL.FOODS	1.3%
DEALERTRACK TECHNOLOGIES	1.1%
PRTF.REC.ASSOCS.	1.1%
ENCORE CAP.GP.	1.1%
HEALTH MAN.ASSOCS.	1.1%
BEACON ROOFING SUPPLY	1.1%
TRIUMPH GROUP NEW	1.1%
SEMTECH	1.1%
COSTAR GP.	1.1%

## Best Performers

	Return %
HOVNANIAN ENTS.'A' (HOV)	102.3%
CYMER (CYMI)	77.1%
AEGERION PHARMS. (AEGR)	71.3%
APPLIED MICRO CIRCUITS (AMCC)	66.4%
SAREPTA THERAPEUTICS (SRPT)	66.1%
AVG TECHNOLOGIES (AVG)	64.9%
3D SYSTEMS (DDD)	62.4%
CELSION (CLSN)	50.6%
INFINITY PHARMACEUTICALS (INFI)	48.9%
TASER INTL. (TASR)	48.1%

## Worst Performers

	Return %
GLU MOBILE (GLUU)	-50.9%
FX ENERGY (FXEN)	-44.8%
OMEROS (OMER)	-44.8%
THRESHOLD PHARMS. (THLD)	-41.9%
MELLANOX (MLNX)	-41.5%
ZALE (ZLC)	-40.4%
RIGEL PHARMS. (RIGL)	-36.5%
ARRAY BIOPHARMA (ARRY)	-36.4%
CRIMSON EXPLORATION (CXPO)	-35.8%
ORASURE TECHS. (OSUR)	-35.4%

## Equity Sector Attribution - Legato Capital

Quarter Ending December 31, 2012

## 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	0.1%		0.1%		0.0%		0.0%		-0.4%		-2.3%		5.2%		5.7%
Materials	-0.1%		0.1%		-0.1%		-0.1%		6.0%		3.8%		1.0%		4.5%
Industrials	-0.5%		-0.2%		-0.3%		0.0%		8.4%		9.6%		12.7%		16.3%
Cons. Disc.	-0.1%		-0.1%		0.0%		0.0%		0.6%		1.2%		13.4%		16.1%
Cons. Staples	-0.3%		-0.5%		0.0%		0.1%		-10.4%		-1.3%		3.6%		4.7%
Health Care	0.7%		0.7%		-0.1%		0.0%		-4.4%		-7.6%		22.0%		22.1%
Financials	0.1%		0.1%		0.0%		0.0%		5.4%		3.9%		7.5%		7.4%
Info. Tech	-0.3%		-0.2%		0.0%		-0.1%		-0.4%		0.8%		28.3%		22.0%
Telecomm.	0.0%		0.0%		0.0%		0.0%		-1.0%		-4.7%		1.5%		0.9%
Utilities	0.0%		--		0.0%		--		--		-4.0%		0.0%		0.3%
Cash	0.0%		0.0%		0.0%		0.0%		0.0%		--		2.7%		0.0%
Portfolio	-0.4%	=	0.1%	+	-0.5%	+	0.0%		0.1%		0.5%		100.0%		100.0%

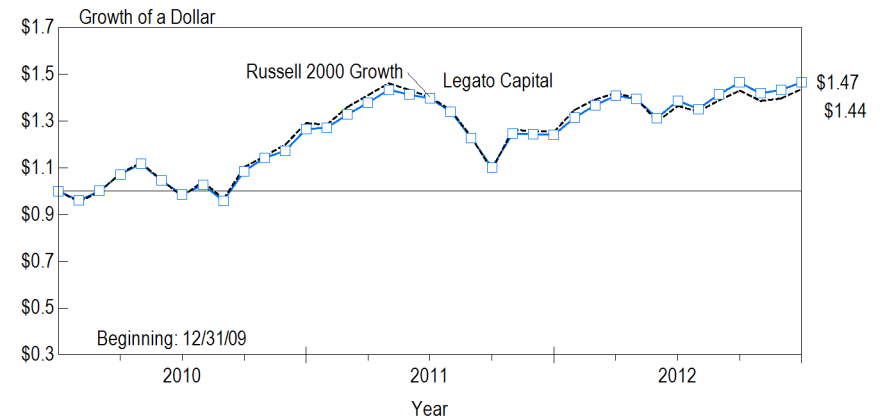
## Return Based Style Analysis - Legato Capital

3 Years Ending December 31, 2012

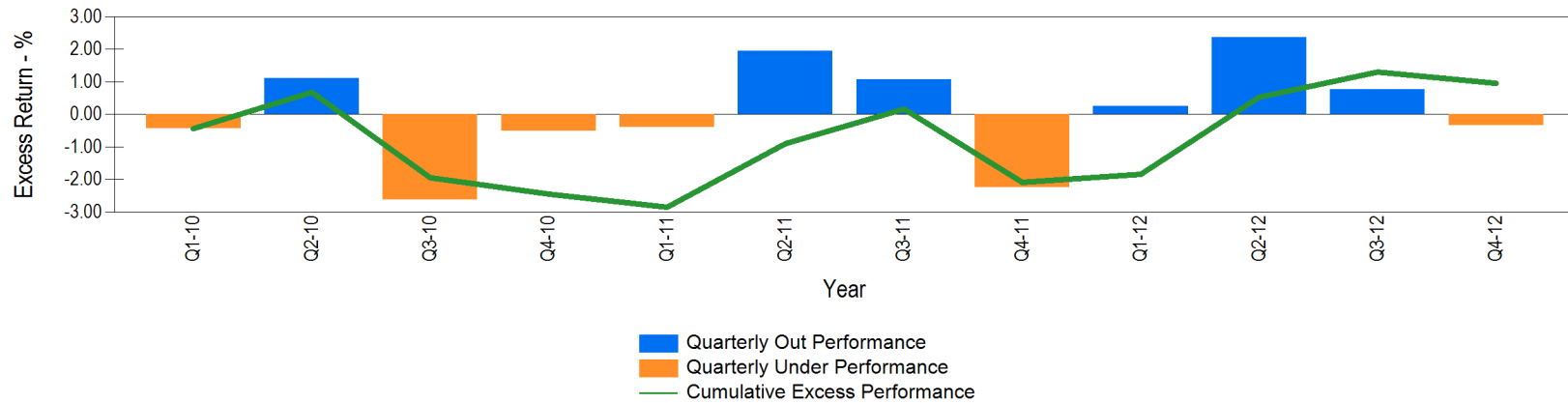
U.S. Effective Style Map



GROWTH OF A DOLLAR



Quarterly and Cumulative Excess Performance



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

Quarter Ending December 31, 2012

Characteristics	Portfolio	S&P 500
Number of Holdings	452	500
Weighted Avg. Market Cap. (\$B)	89.8	103.2
Median Market Cap. (\$B)	12.0	12.3
Price To Earnings	18.3	18.2
Price To Book	3.5	3.3
Price To Sales	2.3	2.1
Return on Equity (%)	21.6	19.0
Yield (%)	2.4	2.3
Beta (holdings; domestic)	1.0	1.1

## Top Holdings

EXXON MOBIL	3.6%
GENERAL ELECTRIC	2.0%
CHEVRON	1.9%
INTERNATIONAL BUS.MCHS.	1.8%
MICROSOFT	1.8%
JOHNSON & JOHNSON	1.8%
AT&T	1.7%
GOOGLE 'A'	1.7%
PROCTER & GAMBLE	1.7%
PFIZER	1.7%

## Best Performers

	Return %
NETFLIX (NFLX)	70.1%
ALPHA NATURAL RESOURCES (ANR)	48.2%
GENWORTH FINANCIAL (GNW)	43.6%
ABERCROMBIE & FITCH 'A' (ANF)	42.0%
FIRST SOLAR (FSLR)	39.3%
CARMAX (KMX)	32.7%
FORD MOTOR (F)	31.9%
NYSE EURONEXT (NYX)	29.6%
ADT (ADT)	29.5%
TENET HEALTHCARE (THC)	29.5%

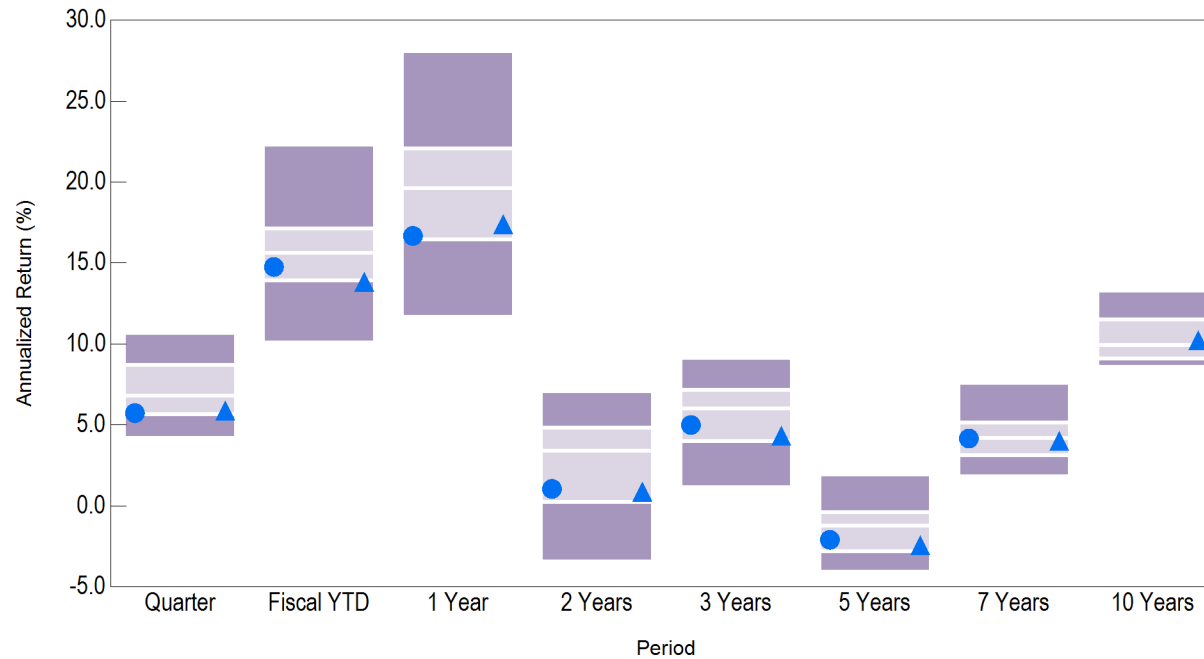
## Worst Performers

	Return %
ADVANCED MICRO DEVC. (AMD)	-28.8%
WESTERN UNION (WU)	-24.6%
PITNEY-BOWES (PBI)	-20.3%
VERISIGN (VRSN)	-20.3%
PENNEY JC (JCP)	-18.9%
DARDEN RESTAURANTS (DRI)	-18.4%
TERADATA (TDC)	-17.9%
NEWMONT MINING (NEM)	-16.5%
ROSS STORES (ROST)	-16.0%
EDWARDS LIFESCIENCES (EW)	-16.0%

## Total Returns - ACWI ex-US Value

Periods Ending December 31, 2012

eA ACWI ex-US Value Equity Gross Accounts



	Return (Rank)							
5th Percentile	10.7	22.3	28.1	7.1	9.1	1.9	7.6	13.3
25th Percentile	8.7	17.2	22.1	4.9	7.2	-0.4	5.2	11.6
Median	6.8	15.6	19.6	3.4	6.1	-1.2	4.2	10.0
75th Percentile	5.7	14.0	16.5	0.3	4.0	-2.8	3.1	9.1
95th Percentile	4.2	10.1	11.7	-3.4	1.2	-4.1	1.8	8.6
# of Portfolios	32	32	32	32	31	28	23	14
● LSV Asset Mgt	5.7 (75)	14.8 (57)	16.7 (75)	1.0 (73)	5.0 (57)	-2.1 (67)	4.2 (52)	-- (--)
▲ MSCI ACWI ex USA Gross	5.9 (71)	13.8 (77)	17.4 (73)	0.9 (74)	4.3 (71)	-2.4 (73)	4.0 (60)	10.2 (39)



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

Quarter Ending December 31, 2012

**Characteristics**

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	184	1,827
Weighted Avg. Market Cap. (\$B)	32.4	47.7
Median Market Cap. (\$B)	6.7	6.2
Price To Earnings	11.1	16.0
Price To Book	1.4	2.2
Price To Sales	0.8	1.7
Return on Equity (%)	14.5	15.2
Yield (%)	4.2	3.1
Beta (holdings; domestic)	1.1	1.0

**Top Holdings**

SANOFI	2.2%
ROYAL DUTCH SHELL B	1.7%
ASTRAZENECA	1.5%
CHINA PTL. & CHM. 'H'	1.5%
ALLIANZ	1.5%
BASF	1.4%
ENI	1.4%
OLD MUTUAL	1.3%
BT GROUP	1.3%
CANADIAN IMP.BK.COM.	1.3%

**Best Performers**

	Return %
ARRIUM (A:ARIX)	66.7%
KINGBOARD CHEMICAL HDG. (K:KINC)	47.7%
FUJI MACH.MNFG. (J:FUMF)	38.7%
BLUESCOPE STEEL (A:BSLX)	36.7%
SOCIETE GENERALE (F:SGE)	31.4%
MACQUARIE GROUP (A:MQGX)	27.5%
CHINA RAILWAY CON.'H' (K:CHNR)	27.0%
TOTAL PRODUCE (ESM) (UKIR:T70)	25.5%
RIO TINTO (A:RIOX)	23.5%
BARCLAYS (UKIR:BARC)	23.5%

**Worst Performers**

	Return %
CENEL.BRASL.ELETROBRAS ON ADR 1:1 (EBR)	-47.4%
KPN KON (H:KPN)	-36.0%
COMPAL ELECTRONICS (TW:COM)	-25.1%
E ON (D:EOAN)	-22.1%
KYORIN HOLDINGS (J:KYRN)	-21.5%
KYOWA EXEO (J:KYEX)	-15.4%
PTRO.BRAO.ADR 1:2 (PBRA)	-12.5%
NIPPON TELG. & TEL. (J:NTT)	-12.2%
NTT DOCOMO INC (J:TTMO)	-11.9%
PANORAMIC RESOURCES (A:PANX)	-11.3%

## Equity Sector Attribution - LSV Asset Mgt

Quarter Ending December 31, 2012

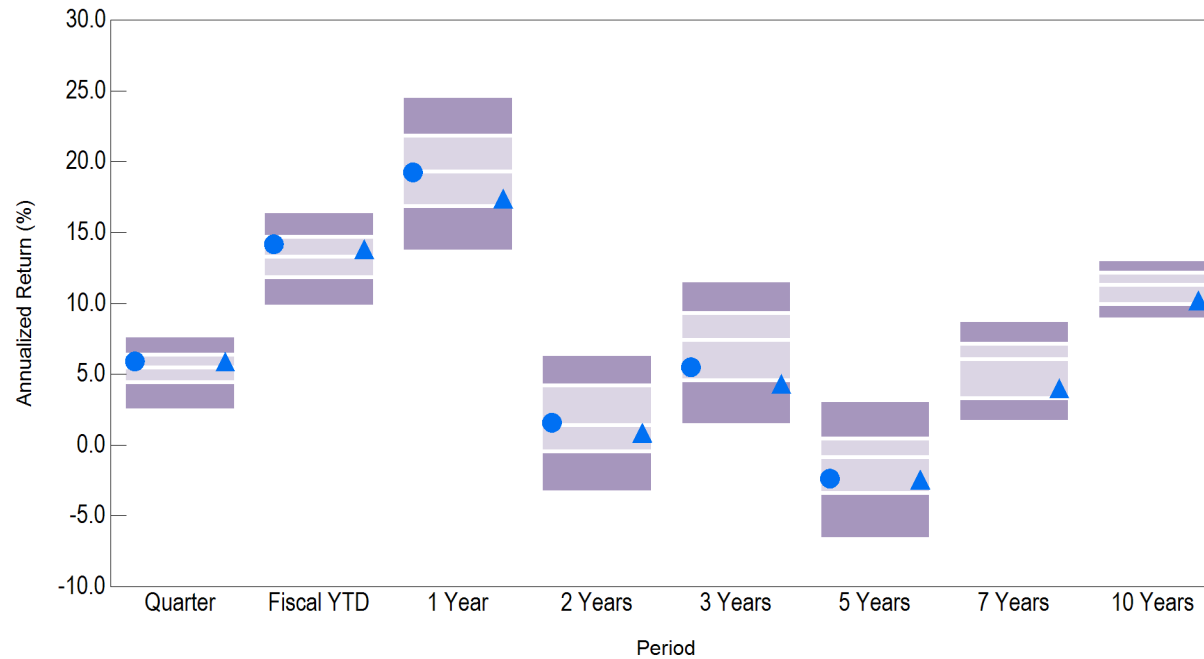
## LSV Asset Mgt Performance Attribution vs. MSCI ACWI ex USA Gross

	Attribution Effects						Returns		Sector Weights			
	Total		Selection		Allocation		Interaction		Portfolio	Benchmark		
	Effects		Effect		Effect		Effects					
Energy	0.5%		0.5%		-0.2%		0.2%		4.2%	-0.6%	12.7%	11.0%
Materials	0.6%		0.7%		0.0%		0.0%		13.1%	5.9%	8.4%	11.1%
Industrials	0.2%		0.4%		0.0%		-0.2%		9.0%	7.9%	10.8%	10.4%
Cons. Disc.	-0.2%		-0.3%		-0.1%		0.2%		8.1%	10.4%	7.5%	9.1%
Cons. Staples	-0.1%		-0.2%		0.1%		0.0%		1.3%	4.0%	6.9%	10.4%
Health Care	-0.2%		-0.1%		0.0%		-0.1%		0.6%	2.2%	8.2%	7.4%
Financials	0.2%		-0.1%		0.1%		0.2%		11.0%	10.4%	25.9%	24.7%
Info. Tech	-0.2%		-0.2%		-0.1%		0.0%		3.7%	7.6%	4.3%	6.3%
Telecomm.	-0.5%		0.0%		-0.3%		-0.2%		-3.8%	-2.4%	9.7%	5.9%
Utilities	-0.2%		-0.3%		0.0%		0.0%		-5.0%	1.5%	3.6%	3.7%
Cash	-0.1%		0.0%		-0.1%		0.0%		0.0%	--	2.0%	0.0%
Portfolio	-0.1%	=	0.4%	+	-0.6%	+	0.2%		5.8%	5.9%	100.0%	100.0%

## Total Returns - ACWI ex-US Growth

Periods Ending December 31, 2012

eA ACWI ex-US Growth Equity Gross Accounts



	Return (Rank)							
5th Percentile	7.7	16.5	24.6	6.4	11.6	3.1	8.8	13.1
25th Percentile	6.4	14.7	21.9	4.2	9.4	0.5	7.2	12.2
Median	5.5	13.3	19.3	1.4	7.4	-0.8	6.1	11.4
75th Percentile	4.4	11.9	16.9	-0.4	4.6	-3.4	3.3	10.0
95th Percentile	2.5	9.8	13.7	-3.3	1.5	-6.6	1.7	8.9
# of Portfolios	51	51	51	51	50	42	37	21
● Pyramis	5.9 (43)	14.2 (34)	19.3 (52)	1.6 (50)	5.5 (65)	-2.4 (68)	-- (--)	-- (--)
▲ MSCI ACWI ex USA Gross	5.9 (43)	13.8 (41)	17.4 (71)	0.9 (58)	4.3 (77)	-2.4 (68)	4.0 (71)	10.2 (69)

## Equity Only Summary Statistics - Pyramis

Quarter Ending December 31, 2012

## Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	276	1,827
Weighted Avg. Market Cap. (\$B)	52.2	47.7
Median Market Cap. (\$B)	11.4	6.2
Price To Earnings	15.1	16.0
Price To Book	2.9	2.2
Price To Sales	1.8	1.7
Return on Equity (%)	16.9	15.2
Yield (%)	2.7	3.1
Beta (holdings; domestic)	1.1	1.0

## Top Holdings

BHP BILLITON	2.1%
NESTLE 'R'	2.0%
ROYAL DUTCH SHELL A	2.0%
SANOFI	1.8%
ROCHE HOLDING	1.4%
BP	1.4%
VODAFONE GROUP	1.4%
BAYER	1.3%
SAP	1.3%
BRITISH AMERICAN TOBACCO	1.3%

## Best Performers

	Return %
NORBORD (C:NBD)	71.5%
INMET MINING (C:IMN)	56.8%
SHINSEI BANK (J:SHBA)	52.3%
FUJI HEAVY INDS. (J:FJ@N)	49.4%
KBC GROUP (B:KB)	43.5%
CELTIC EXP. (C:CLT)	42.1%
HINO MOTORS (J:OM@N)	36.1%
FORTESCUE METALS GP. (A:FMGX)	33.0%
SOCIETE GENERALE (F:SGE)	31.4%
BMW (D:BMW)	30.9%

## Worst Performers

	Return %
POSEIDON CONCEPTS (C:PSN)	-89.7%
AFRICA OIL (OME) (W:AOI)	-29.1%
SURGE ENERGY (C:SGY)	-29.0%
NEXON (J:NXCL)	-27.2%
NEWCREST MINING (A:NCMX)	-24.0%
AIN PHARMACIEZ (J:DCL)	-23.8%
RAKUTEN (J:RAKT)	-23.7%
ROHTO PHARMACEUTICAL (J:XP@N)	-22.3%
NITORI HOLDINGS (J:NTOR)	-21.4%
GOLDCORP (C:G)	-19.7%

## Equity Sector Attribution - Pyramis

Quarter Ending December 31, 2012

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

## Attribution Effects

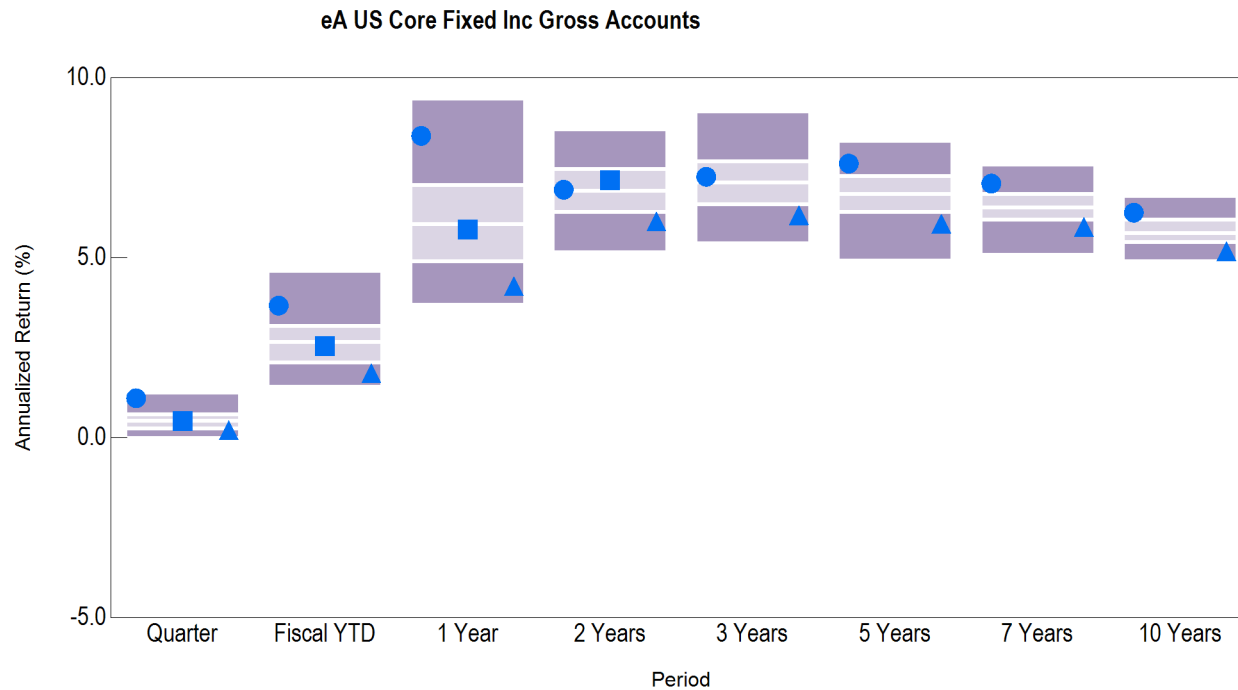
## Returns

## Sector Weights

	Attribution Effects				Portfolio				Sector Weights	
	Total									
	Effects		Selection		Allocation		Interaction		Portfolio	Benchmark
			Effect		Effect		Effects			
Energy	-0.5%		-0.5%		0.0%		0.1%		-5.0%	-0.6%
Materials	0.2%		0.1%		0.0%		0.0%		7.4%	5.9%
Industrials	-0.1%		0.0%		0.0%		-0.1%		6.9%	7.9%
Cons. Disc.	0.6%		0.4%		0.2%		0.0%		14.6%	10.4%
Cons. Staples	-0.3%		-0.3%		0.0%		0.0%		0.8%	4.0%
Health Care	0.0%		0.0%		-0.1%		0.1%		3.0%	2.2%
Financials	0.2%		0.5%		-0.1%		-0.2%		11.7%	10.4%
Info. Tech	-0.1%		0.1%		0.0%		-0.1%		6.5%	7.6%
Telecomm.	0.1%		0.0%		0.1%		0.0%		-3.8%	-2.4%
Utilities	0.1%		0.0%		0.1%		0.0%		0.6%	1.5%
Cash	-0.1%		0.0%		-0.1%		0.0%		0.0%	--
Portfolio	0.0%	=	0.2%	+	0.2%	+	-0.3%		5.9%	5.9%
						</				

## Total Returns - Core Fixed

Periods Ending December 31, 2012

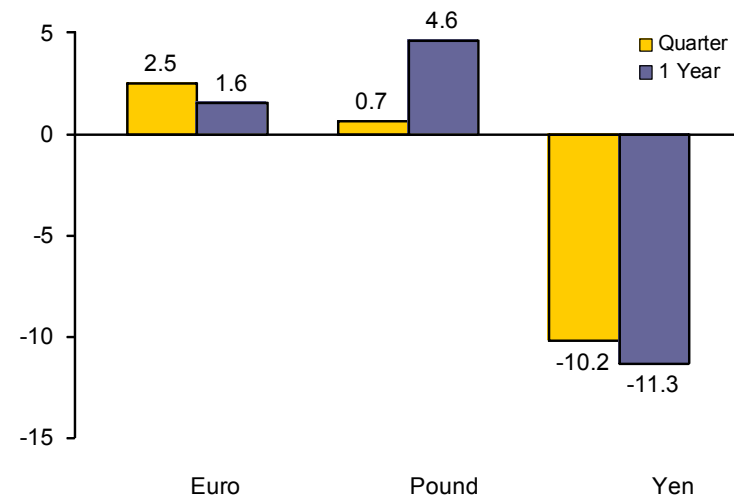


	Return (Rank)							
5th Percentile	1.3	4.6	9.4	8.6	9.1	8.2	7.6	6.7
25th Percentile	0.7	3.1	7.0	7.5	7.7	7.3	6.8	6.1
Median	0.5	2.7	5.9	6.9	7.1	6.8	6.4	5.7
75th Percentile	0.3	2.1	4.9	6.3	6.5	6.3	6.1	5.4
95th Percentile	0.0	1.4	3.7	5.2	5.4	4.9	5.1	4.9
# of Portfolios	228	228	228	227	225	217	207	187
● Dodge & Cox-Fixed	1.1 (9)	3.7 (13)	8.4 (9)	6.9 (50)	7.3 (40)	7.6 (15)	7.1 (16)	6.3 (13)
■ PIMCO Fixed Income	0.5 (52)	2.5 (56)	5.8 (54)	7.2 (35)	-- (--)	-- (--)	-- (--)	-- (--)
▲ Barclays Aggregate	0.2 (82)	1.8 (87)	4.2 (90)	6.0 (84)	6.2 (84)	5.9 (85)	5.9 (84)	5.2 (88)

## Currency Markets

- The euro rose 2.5% against the dollar in the fourth quarter as fears of tail risk were eased by the ECB's OMT program.
- The election of the dovish Shinzo Abe led to declines in the yen, which fell 10.2% against the dollar in the 4<sup>th</sup> quarter.
- The U.S. dollar trade-weighted index, which measures the dollar's movement against a basket of currencies, fell 0.16% in the fourth quarter as the risk environment improved.

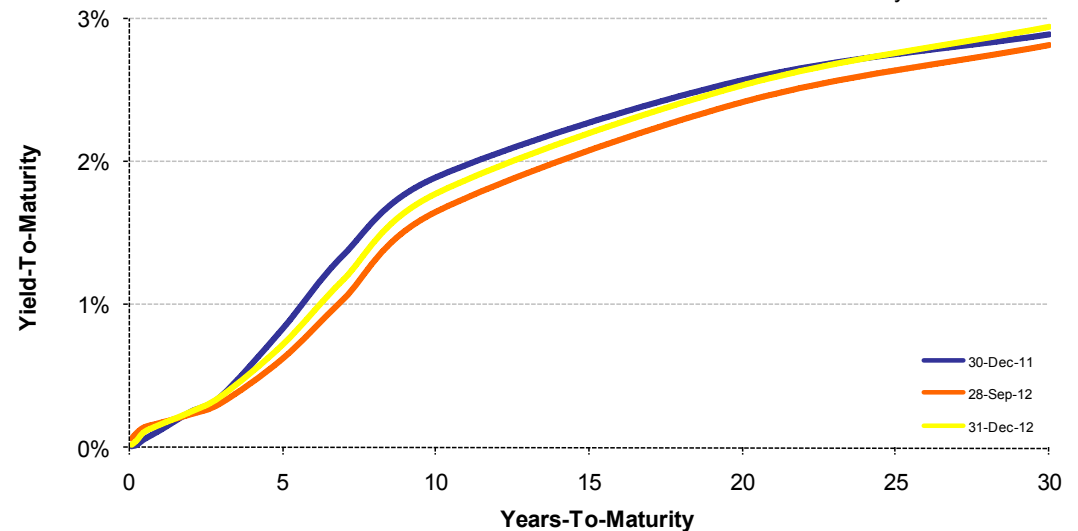
Currency Returns (%)



## Yield Curve

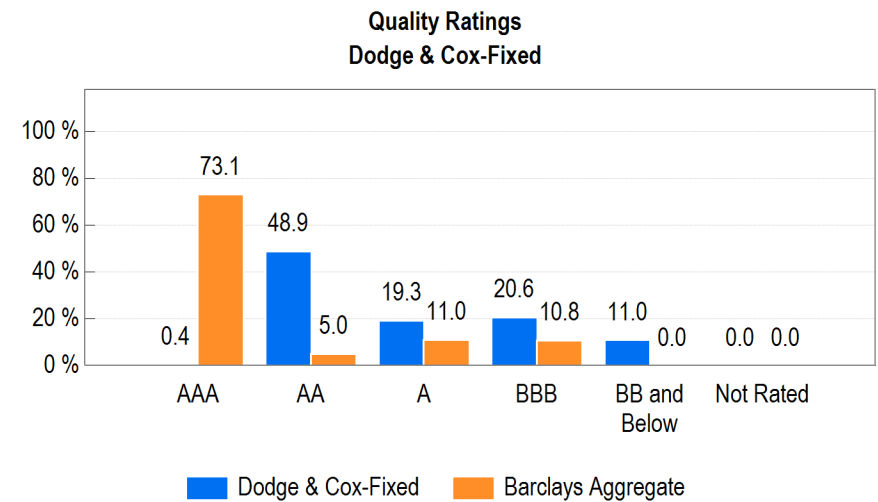
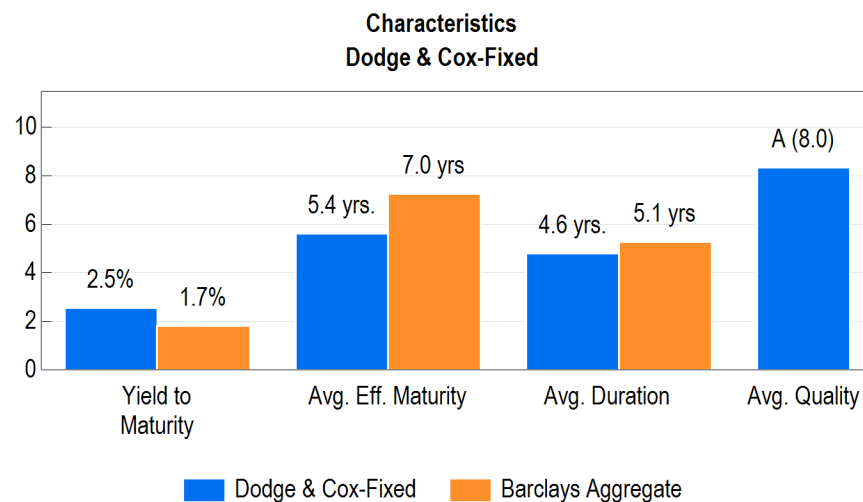
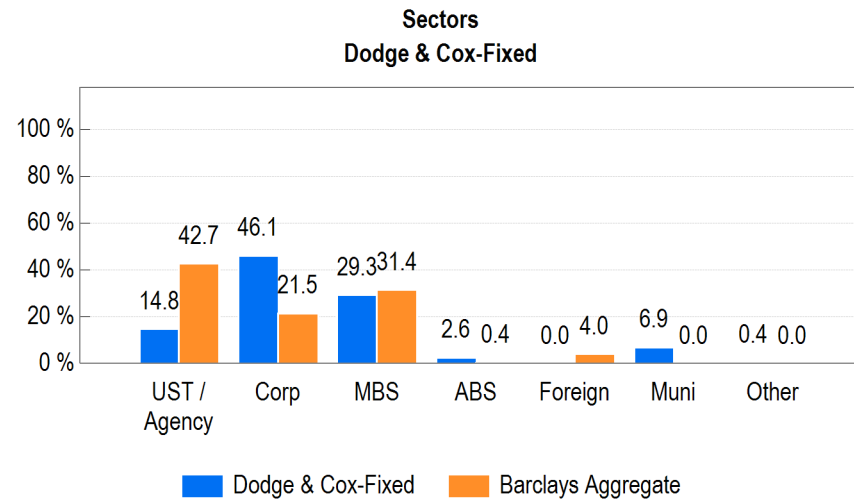
- With uncertainty over the U.S. elections resolved and an improvement in sentiment, U.S. rates steepened.
- Thirty-year yields rose thirteen basis points during the fourth quarter, while rates for securities with maturities between one month and one year fell between one and five basis points.

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



## Bond Summary Statistics - Dodge &amp; Cox

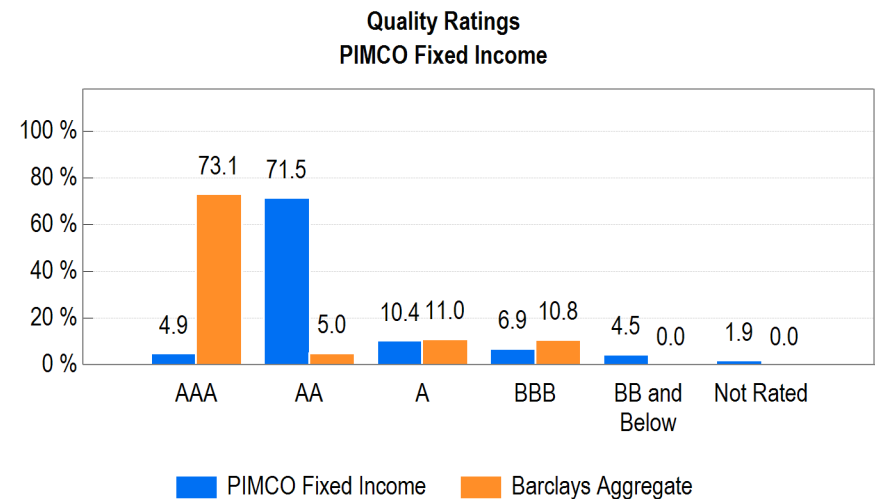
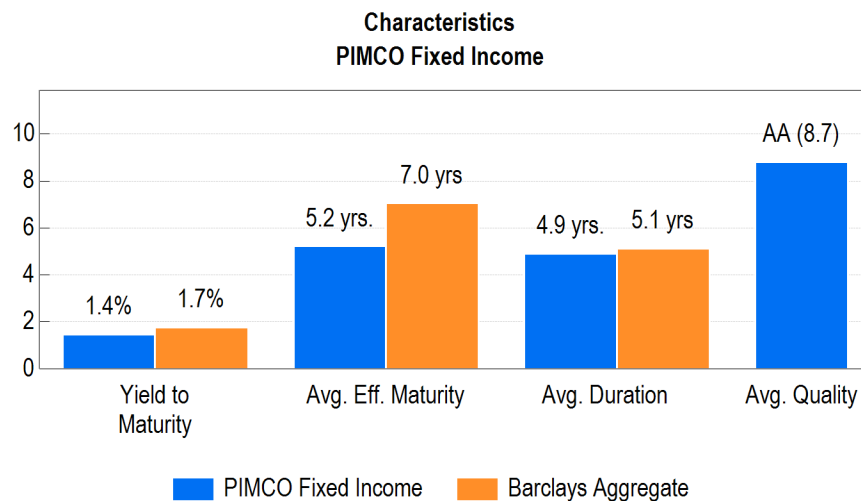
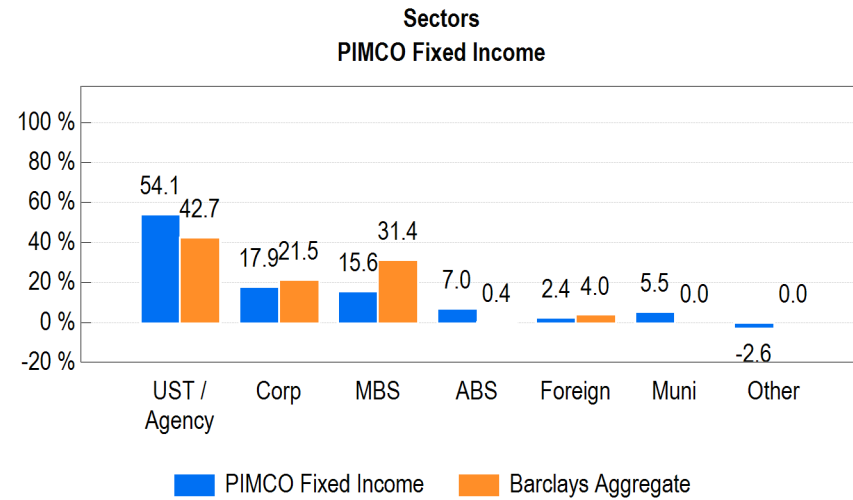
As of December 31, 2012





# Bond Summary Statistics - PIMCO

As of December 31, 2012



## U.S. EQUITY

January certainly was a strong month for global equity markets as all equity indices were up 4-7%.

For the month of January in the U.S., Value outperformed Growth (in large caps) and Small caps outperformed Large caps. The Russell 1000 Growth Index was up +4.3% for the month and the Russell 1000 Value Index was up +6.5%. The Russell 2000 Growth Index was up +6.6% and the Russell 2000 Value was up +6.0%. The S&P 500 Index ended the month up +5.2%.

The S&P 500 Index has a trailing P/E ratio of 17.5 and a forward 12-month estimate P/E ratio of 13.3 and dividend yield of 2.2%.

Corporate merger highlights for the month included: Knight Capital will sell itself to Getco Holding in a deal valued at \$1.4 billion; Dish Network made a \$2.3 billion bid for Clearwire, trumping Sprint Nextel's \$2.2 billion offer; Switzerland's biggest watch maker, Swatch Group, will pay about \$1 billion to acquire Canada's Harry Winston watch and jewelry brand; Bill Gates is leading a group of U.S. investors committing \$1 billion for a stake in Egypt's Orascom Construction Industries; AT&T will acquire Alltel U.S. wireless operations for about \$780 million to boost its spectrum in rural areas; Microsoft is in discussions to invest \$1 to \$3 billion of mezzanine financing in a possible buyout of Dell; and, US Airways and American Airlines are reportedly in the final stages of negotiating a merger.

## FIXED INCOME

The Commerce Dept. reported that gross domestic product contracted by a -0.1% annual rate in the 4<sup>th</sup> quarter, down from +3.1% in the 3<sup>rd</sup> quarter. The headline number was distorted by one-off factors and it is estimated that underlying growth was more like +2.7%. Large declines in defense spending, inventories, and trade detracted from fourth quarter growth.

The pace of U.S. job growth slowed slightly in December, keeping the unemployment rate steady at 7.8%.

The U.S. federal deficit narrowed to its best December monthly result in five years, but is on track to top \$1 trillion for the fifth straight fiscal year.

The Labor Dept. reported that its Consumer Price Index rose 1.7% in 2012 following a 3.0% increase in 2011.

Long-term interest rates rose in the month of January. The bellwether 10-year Treasury note ended the month yielding 1.99% up from 1.78% at the close of December. At month-end, the 30-year bond yield was 3.17% with the 3-month T-bill at 0.1%. The Barclays Capital US Aggregate Index was down -0.70% in January. High Yield was the strongest sector up +1.4% as measured by the BofA Merrill Lynch US High Yield Master II index.

The House of Representatives passed an extension of borrowing authority under the federal debt limit to May 19<sup>th</sup>.

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

### THE GOOD

\*The Institute of Supply Management reported that its index of national factory activity rose to 50.7 in December up from 49.5 in November.

\*The Institute of Supply Management reported that its services index rose to 56.1 in December from 54.7 in November.

\*U.S. wholesale prices fell for the third month in a row in December as the Producer Price Index dropped -0.2%, the latest evidence that inflation is tame.

\*U.S. home prices in November extended their steady recovery from the housing bust, rising 7.4% compared to a year ago.

\*Retail sales rose 0.5% in December from November, slightly better than November's 0.4% increase.

\*The Commerce Dept. reported that housing starts surged 12.1% in December to a 954,000 unit annual rate, the fastest pace in over four years.

\*The Commerce Dept. reported that orders for durable goods increased 4.6% in December, driven by a 10% gain in aircraft orders.

\*The Commerce Dept. reported that consumer spending rose +0.2% in December, slightly slower than the +0.4% increase in November. Income jumped +2.6% in December, the largest gain since December 2004.

\*The Conference Board's index of leading economic indicators rose +0.5% in December. Five of the ten component indicators flashed positive signals.

## THE NOT SO GOOD

\*The Commerce Dept. reported that construction spending dipped -0.3% in November following a downwardly revised gain of 0.7% in October.

\*The Commerce Dept. reported that orders for factory goods were unchanged in November after gaining 0.8% in October.

\*Consumer credit expanded at an annual rate of 7.0% in November, up from 6.2% in October.

\*The Philadelphia Fed's manufacturing index went negative in January, slipping to a -5.8 in January from a +4.6 in December.

\*The Richmond's Fed index of manufacturing activity fell in January to a -12 from +5 in December.

\*Retail sales are forecast to rise 3.4% in the U.S. in 2013, down from 4.2% growth in 2012, as higher payroll taxes cut into discretionary spending for consumers.

The University of Michigan consumer sentiment declined to 71.3 in a preliminary January number from 72.9 in December 2012, the lowest level since December 2011. The Conference Board reported that consumer attitudes dropped more than expected to 58.6 in January, the lowest level since November 2011.

## NON-U.S. MARKETS

Gross domestic product for the U.K. fell by -0.3% in the 4<sup>th</sup> quarter as production fell -1.8% and services were unchanged. Industrial production rose by +0.3% in November, its first gain since July. However, this left overall output down -2.4% from a year earlier.

The International Monetary Fund forecast the eurozone economy will contract by -0.2% in 2013, after shrinking by -0.4% in 2012. Production for the overall eurozone unexpectedly fell -0.3% in November, the third consecutive decline. German activity data remains downbeat. Real factor orders fell 1.8% in November, the third decline in the last four months. Spain's unemployment rate hit a record 26.0% in the 4<sup>th</sup> quarter, leaving almost six million people out of work.

As widely expected, the Bank of Japan enhanced its monetary policy accommodation. The Bank adopted a formal inflation target of 2.0%, moving up from its previous goal of 1.0%. The Bank of Japan also shifted to an open-ended asset purchasing method. Industrial production continued to fall in Japan in November.

Output dropped -1.4%, its fourth decline in the past five months, leaving it down -5.5% from a year earlier.

Consumer confidence also continues to erode in December. The cabinet office index fell another -0.2 point on the month to 39.2, the fourth consecutive decline to the lowest reading in a year.

China's economy grew at a modest 7.9% in the 4<sup>th</sup> quarter, its weakest pace since 1999. China's auto sales rose 7.1% in 2012 to 15.5 million units, topping the 14.5 million vehicles sold in the U.S.

Non-U.S. equities were up for the month of January. The MSCI ACWI Ex-U.S. was up +4.1% (US dollars) in December. Developed stocks (EAFE) were up +5.3% while Emerging Markets rose by +1.4% for the month.

## CONCLUSION

The American Taxpayer Relief Act has lifted the immediate uncertainty of the fiscal cliff. Nevertheless, tax increases will impose an obstacle to growth in the first half of 2013. The initial direct impact of the federal tax changes total approximately \$250 billion for 2013. The return of the FICA tax rate to 6.2% is estimated to be the largest component at \$127 billion. The other federal tax changes that become effective include:

- \*A 4.6% increase in the top marginal tax rate to 39.6%
- \*A phase out of itemized deductions for high-earners
- \*An increase in the tax rate to 20% for capital gains and dividends for high-earners

These taxes amount to a reduction in real household income of 2.6%.

Almost all major forecasters of U.S. growth are expecting about the same thing in 2013. The consensus is 2.0% with essentially no range. The IMF released its world economic outlook update forecasting that overall world GDP is expected to rise 3.5% in 2013 up from the 3.2% growth estimated for 2012.

January was a strong up market for global equity markets. As we stated in last month's letter, The January Barometer and The First Five Days in January Indicator are predicting a good calendar year 2013 for equity markets.

## Monthly Market Update

### US Equity Indices Trailing Performance

Annualized Performance to Date: Ending Jan-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
Russell 3000 Index	5.49	7.61	5.49	16.90	10.19	14.60	4.44	4.65	8.53
Russell TOP 200 Index	4.82	5.85	4.82	16.53	10.45	13.46	3.46	4.29	7.16
Russell TOP 200 Growth Index	3.54	4.29	3.54	12.98	10.14	13.90	5.56	5.66	7.43
Russell TOP 200 Value Index	6.08	7.39	6.08	20.15	10.78	13.00	1.31	2.89	6.89
S&P 500 Index	5.18	6.75	5.18	16.78	10.32	14.14	3.97	4.48	7.93
Russell 1000 Index	5.42	7.36	5.42	17.03	10.30	14.48	4.28	4.68	8.36
Russell 1000 Growth Index	4.29	6.00	4.29	13.43	9.69	14.61	5.70	5.53	8.24
Russell 1000 Value Index	6.50	8.65	6.50	20.58	10.84	14.30	2.70	3.69	8.32
Russell Mid-Cap Index	6.84	11.04	6.84	18.14	9.91	16.99	6.37	5.70	11.61
Russell Mid-Cap Growth Index	6.17	10.48	6.17	14.63	8.88	16.76	6.22	5.43	11.09
Russell Mid-Cap Value Index	7.42	11.52	7.42	21.34	10.81	17.21	6.27	5.65	11.74
Russell 2000 Index	6.26	10.63	6.26	15.47	8.98	15.98	6.31	4.41	10.70
Russell 2000 Growth Index	6.58	10.49	6.58	13.63	9.20	17.02	6.85	4.92	10.81
Russell 2000 Value Index	5.96	10.76	5.96	17.29	8.69	14.88	5.63	3.79	10.45
DJ US REIT Index	3.39	6.76	3.39	13.78	13.09	21.62	5.89	4.68	12.18
DJ-UBS US Commodity Index TR	2.40	-0.22	2.40	-1.13	-6.75	3.43	-5.51	-1.27	3.57
DJ-UBS US Gold Index TR	-0.95	-3.55	-0.95	-5.24	10.84	14.51	11.43	15.32	15.28

small caps strong!

### Non-US Indices Trailing Performance

Annualized Performance to Date: Ending Jan-13	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI AC World Index ex USA	4.09	9.78	4.09	14.40	2.40	7.51	0.37	3.60	11.06
MSCI AC World Index	4.64	8.48	4.64	15.47	5.85	10.43	2.02	4.03	9.48
MSCI EAFE Index	5.29	11.31	5.29	17.83	3.46	7.44	-0.30	2.55	9.73
MSCI Emerging Markets index	1.39	7.72	1.39	8.01	0.57	7.50	2.35	7.31	17.10
ML Global Government Bond Ex. U.S. Index	-3.12	-6.39	-3.12	-6.53	1.37	3.75	4.85	6.15	5.86
Euro	2.96	4.75	2.96	3.69	-0.50	-0.79	-1.72	1.60	2.37
Japanese Yen	-5.25	-12.42	-5.25	-16.45	-5.25	-0.22	3.10	3.62	2.77
UK Pound Sterling	-2.46	-1.59	-2.46	0.47	-0.51	-0.35	-4.42	-1.62	-0.36

EM trails

### US Fixed Income Indices Trailing Performance

Annualized Performance to Date: Ending Jan-13	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	0.03	0.00	0.11	0.10	0.11	0.42	1.71	1.77
BarCap Aggregate Bond Index	-0.70	-0.68	-0.70	2.59	5.58	5.41	5.45	5.75	5.10
ML U.S. Corp/Govt Master Index	-0.83	-0.75	-0.83	3.15	6.34	5.97	5.47	5.81	5.17
ML U.S. Corporate Master Index	-0.72	-0.82	-0.72	7.24	8.41	8.14	7.31	6.71	6.20
BarCap Mortgage Backed Securities Index	-0.50	-0.54	-0.50	1.66	4.11	4.09	5.18	5.66	5.00
ML U.S. High Yield Master Index	1.35	3.68	1.35	13.77	9.44	11.54	10.49	8.97	10.07
JPM EMBI Global	-1.42	1.04	-1.42	14.83	12.96	12.26	9.96	9.36	11.22

rates creep up

A

**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JANUARY 31, 2013**  
**PRELIMINARY BASIS**

**SUMMARY OF INVESTMENTS**

ASSET CLASS	MARKET VALUE	PERCENT	POLICY	
			TARGET	RANGE
DOMESTIC EQUITIES	666,812,870	44.1%	41.9%	36.9% - 46.9%
INTERNATIONAL EQUITIES	271,065,384	17.9%	19.0%	16.0% - 22.0%
FIXED INCOME	536,893,645	35.5%	37.6%	33.9% - 41.3%
REAL ESTATE SECURITIES	21,890,696	1.4%	1.5%	1.0% - 2.0%
SECURITY LENDING	(1,025,713)	-0.1%	0.0%	0.0% - 0.0%
CASH (equity managers only)	16,930,101	1.1%	0.0%	0.0% - 3.0%
TOTAL PORTFOLIO	1,512,566,982	100.0%	100.0%	

	CURRENT	TARGET
DODGE & COX · LARGE CAP VALUE	10.4%	9.8%
BlackRock · R1000 VALUE INDEX	6.4%	6.0%
DELAWARE · LARGE CAP GROWTH	8.5%	7.3%
BlackRock · R1000 GROWTH INDEX	5.0%	5.0%
CAPITAL PROSPECTS	5.1%	4.5%
LEGATO CAPITAL	4.4%	4.0%
BNY · S&P 500 INDEX	5.2%	5.3%
LSV ASSET MGMT · INTL EQ	8.9%	9.5%
PYRAMIS · INTL EQ	9.3%	9.5%
DODGE & COX FIXED INCOME	28.1%	30.1%
PIMCO	7.4%	7.5%
BlackRock - US REAL ESTATE SECURITIES INDEX	1.4%	1.5%
SECURITY LENDING	-0.1%	0.0%
TOTALS	100.0%	100.0%

**STANCERA**  
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**GROWTH OF ASSETS AND CHANGES IN ALLOCATION**

ASSET CLASS	CURRENT MONTH	PRIOR MONTH	% CHANGE *	PRIOR YEAR	% CHANGE *
<b>MARKET VALUE</b>					
DOMESTIC EQUITIES	666,812,870 ✓	633,656,471	5.23%	567,367,884	17.53%
INTERNATIONAL EQUITIES	271,065,384 ✓	260,015,791	4.25%	235,813,638	14.95%
FIXED INCOME	536,893,645	537,180,804	-0.05%	527,719,924	1.74%
SPECIAL SITUATIONS	21,890,696	21,169,068	3.41%	34,103,264	-35.81%
SECURITIES LENDING	(1,025,713)	(1,025,713)	0.00%	(2,550,762)	59.79%
CASH (equity managers only)	16,930,101	15,102,718	12.10%	8,913,492	89.94%
TOTAL PORTFOLIO	1,512,566,982	1,466,099,140	3.17%	1,371,367,441	10.30%
<b>ASSET ALLOCATION (ACTUAL)</b>					
DOMESTIC EQUITIES	44.08%	43.22%	0.9%	41.37%	2.7%
INTERNATIONAL EQUITIES	17.92%	17.74%	0.2%	17.20%	0.7%
FIXED INCOME	35.50%	36.64%	-1.1%	38.48%	-3.0%
REAL ESTATE SECURITIES	1.45%	1.44%	0.0%	2.49%	-1.0%
SECURITY LENDING	-0.07%	-0.07%	0.0%	-0.19%	0.0%
CASH (equity managers only)	1.12%	1.03%	0.1%	0.65%	0.5%
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

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**STANCERA**  
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**MANAGER ALLOCATION**

ASSET CLASS	MARKET VALUE	PERCENT	POLICY TARGET	POLICY RANGE
<b>DOMESTIC EQUITIES</b>				
DODGE & COX · LARGE CAP VALUE	157,800,188	10.4%	9.8%	7.8% - 11.8%
BLACKROCK · R1000 VALUE INDEX	97,046,153	6.4%	6.0%	5.0% - 7.0%
DELAWARE · LARGE CAP GROWTH	128,350,006	8.5%	7.3%	5.8% - 8.8%
BLACKROCK · R1000 GROWTH INDEX	76,119,188	5.0%	5.0%	4.0% - 6.0%
CAPITAL PROSPECTS · SMALL CAP VALUE	76,711,315	5.1%	4.5%	3.5% - 5.5%
LEGATO CAPITAL · SMALL CAP GROWTH	66,369,551	4.4%	4.0%	3.0% - 5.0%
BNY - S&P 500 INDEX	78,173,756	5.2%	5.3%	4.3% - 6.3%
TOTAL DOMESTIC EQUITIES	680,570,158	45.0%	41.9%	
<b>FIXED INCOME</b>				
DODGE & COX	425,660,511	28.1%	30.1%	27.6% - 32.6%
PIMCO	111,233,134	7.4%	7.5%	6.0% - 9.0%
TOTAL FIXED INCOME	536,893,645	35.5%	37.6%	
<b>INTERNATIONAL INVESTMENTS</b>				
LSV ASSET MGMT.	134,325,039	8.9%	9.5%	8.0% - 11.0%
PYRAMIS	139,913,158	9.3%	9.5%	8.0% - 11.0%
TOTAL INTERNATIONAL EQUITIES	274,238,197	18.1%	19.0%	
<b>REAL ESTATE SECURITIES</b>				
BlackRock · US RE SECURITIES INDEX	21,890,696	1.4%	1.5%	1.0% - 2.0%
TOTAL SPECIAL SITUATIONS	21,890,696	1.4%	1.5%	0.0% - 3.0%
<b>SECURITIES LENDING</b>	(1,025,713)	-0.1%	0.0%	0.0% - 0.0%
<b>TOTAL STANCERA PORTFOLIO</b>	<b>1,512,566,982</b>	<b>100.0%</b>	<b>100.0%</b>	



**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
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TOTAL FUND			
	CASH	BONDS	EQUITIES TOTAL
<b>DOMESTIC EQUITIES</b>			
DODGE & COX LARGE CAP VALUE	5,142,009		152,658,178 157,800,188
BLACKROCK R1000 VALUE INDEX	0		97,046,153 97,046,153
DELAWARE LARGE CAP GROWTH	2,828,980		125,521,026 128,350,006
BLACKROCK R1000 GROWTH INDEX	0		76,119,188 76,119,188
CAPITAL PROSPECTS SMALL CAP VALUE	3,584,784		73,126,531 76,711,315
LEGATO CAPITAL - SMALL CAP GROWTH	2,201,288		64,168,263 66,369,551
BNY S&P 500 INDEX	226		78,173,530 78,173,756
TOTAL DOMESTIC EQUITIES	13,757,287		666,812,870 680,570,158
<b>FIXED INCOME</b>			
DODGE & COX	13,747,663	411,912,849	425,660,511
PIMCO	15,025,071	96,208,062	111,233,134
TOTAL FIXED INCOME	28,772,734	508,120,911	536,893,645
<b>INTERNATIONAL INVESTMENTS</b>			
LSV ASSET MGMT.	1,933,235		132,391,805 134,325,039
PYRAMIS	1,239,579		138,673,579 139,913,158
TOTAL INTERNATIONAL EQUITIES	3,172,814		271,065,384 274,238,197
<b>REAL ESTATE SECURITIES</b>			
BLACKROCK US REAL ESTATE SECURITIES INDEX	0		21,890,696 21,890,696
TOTAL SPECIAL SITUATIONS	0		21,890,696 21,890,696
<b>SECURITIES LENDING</b>	(1,025,713)		(1,025,713)
<b>TOTAL STANCERA PORTFOLIO</b>	44,677,122	508,120,911	959,768,950 1,512,566,982
	3.0%	33.6%	63.5% 100.0%

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**STANCERA**  
**MONTHLY PERFORMANCE REVIEW**  
**PERIOD ENDING JANUARY 31, 2013**  
**PRELIMINARY BASIS**

CURRENT PERFORMANCE

	MARKET VALUE	JANUARY	ALPHA	DECEMBER	ALPHA	FISCAL YTD	ALPHA
<b>DOMESTIC EQUITIES</b>							
DODGE & COX - LARGE CAP VALUE	152,658,178	6.00%	-0.50%	2.46%	0.39%	17.54%	2.37%
RUSSELL 1000 VALUE		6.50%		2.07%		15.17%	
BLACKROCK - R1000 VALUE INDEX	97,046,153	6.49%	-0.01%	2.07%	0.00%	15.19%	0.02%
RUSSELL 1000 VALUE		6.50%		2.07%		15.17%	
DELAWARE - LARGE CAP GROWTH	125,521,026	5.87%	1.58%	0.51%	0.54%	12.23%	2.93%
RUSSELL 1000 GROWTH		4.29%		-0.03%		9.30%	
BLACKROCK - R1000 GROWTH INDEX	76,119,188	4.29%	0.00%	0.00%	0.03%	9.27%	-0.03%
RUSSELL 1000 GROWTH		4.29%		-0.03%		9.30%	
CAPITAL PROSPECTS	73,126,531	6.43%	0.47%	3.37%	-0.84%	21.98%	6.40%
RUSSELL 2000 VALUE		5.96%		4.21%		15.58%	
LEGATO CAPITAL	64,168,263	6.07%	-0.51%	2.33%	-0.55%	12.14%	-0.10%
RUSSELL 2000 GROWTH		6.58%		2.88%		12.24%	
BNY - S&P 500 INDEX	78,173,530	5.18%	0.00%	0.91%	0.00%	11.45%	-0.01%
S&P 500		5.18%		0.91%		11.46%	
TOTAL DOMESTIC EQUITY	666,812,870	5.83%	0.34%	1.66%	0.43%	14.42%	2.08%
Russell 3000 Index		5.49%		1.23%		12.34%	
<b>FIXED INCOME</b>							
DODGE & COX	425,660,511	0.07%	0.77%	0.17%	0.31%	3.75%	2.65%
BARCLAYS US AGGREGATE BOND		-0.70%		-0.14%		1.10%	
PIMCO	111,233,134	-0.51%	0.19%	-0.15%	-0.01%	2.02%	0.92%
BARCLAYS US AGGREGATE BOND		-0.70%		-0.14%		1.10%	
TOTAL FIXED INCOME	536,893,645	-0.06%	0.64%	0.11%	0.25%	3.43%	2.33%
BARCLAYS US AGGREGATE BOND		-0.70%		-0.14%		1.10%	
<b>INTERNATIONAL INVESTMENTS</b>							
LSV ASSET MGMT	132,391,805	4.53%	0.46%	4.21%	0.72%	19.96%	1.50%
MSCI ACWI ex-US		4.07%		3.49%		18.46%	
PYRAMIS	138,673,579	4.27%	0.20%	3.05%	-0.44%	19.05%	0.59%
MSCI ACWI ex-US		4.07%		3.49%		18.46%	
TOTAL INTERNATIONAL EQUITY	271,065,384	4.40%	0.33%	3.62%	0.13%	19.53%	1.07%
MSCI ACWI ex-US		4.07%		3.49%		18.46%	
<b>REAL ESTATE SECURITIES</b>							
BlackRock US RE Index	21,890,696	3.41%	0.01%	3.79%	0.00%	5.80%	-0.01%
DOW JONES US SELECT RE INDEX		3.40%		3.79%		5.81%	
<b>SECURITIES LENDING</b>							
BNY MELLON	(1,025,713)						
<b>CASH and SHORT-TERM INVESTMENTS</b>							
CASH	16,930,101	0.01%	0.00%	0.01%	0.00%	0.07%	0.00%
90-day US Treasury Bill		0.01%		0.01%		0.07%	
Total StanCERA Fund	1,512,566,982	3.38%	0.48%	1.46%	0.15%	11.21%	2.00%
Policy Index		2.90%		1.31%		9.21%	
Actuary Rate of Assumption (8.00%)		0.67%	2.71%	0.67%	0.79%	4.70%	6.51%
Actuary Rate of Inflation (3.50%)		0.29%	3.09%	0.29%	1.17%	2.05%	9.16%

turnaround

Bit by bit  
each month  
adds up!

strong!

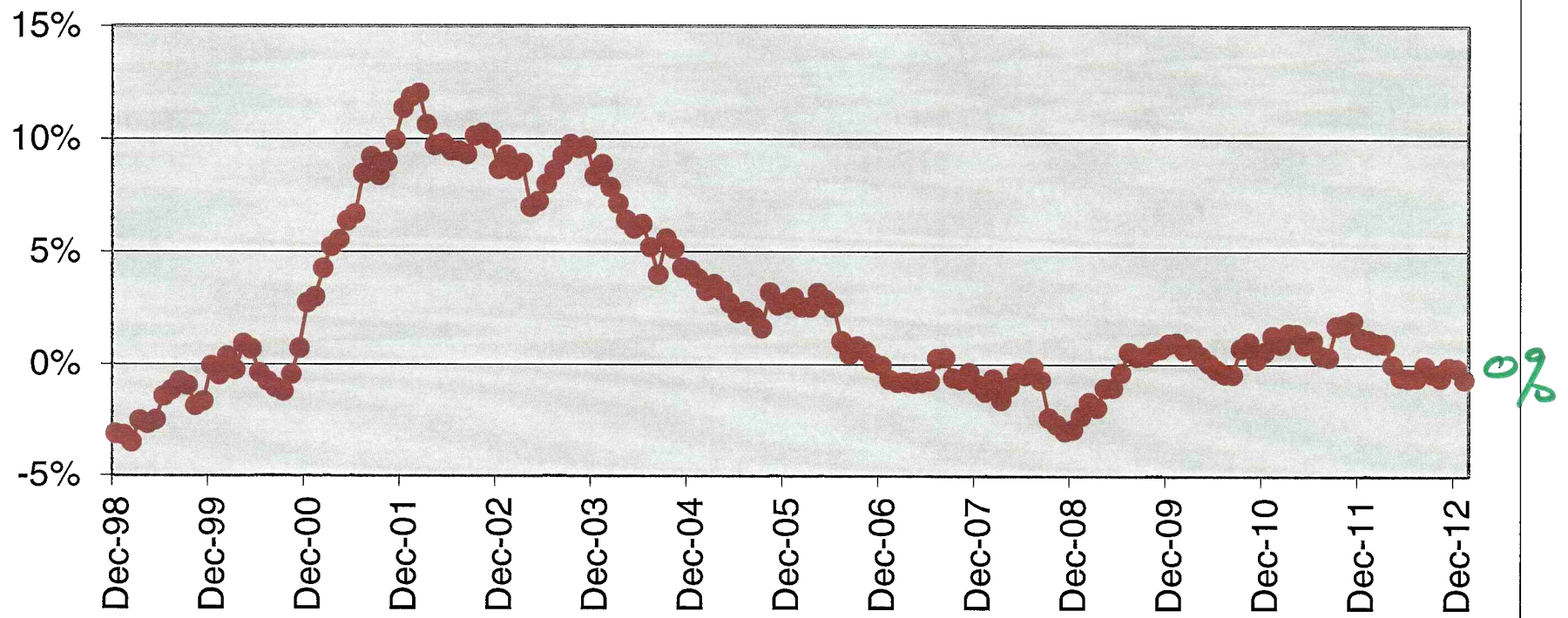
very strong!

strong alphas  
at asset  
class  
level!

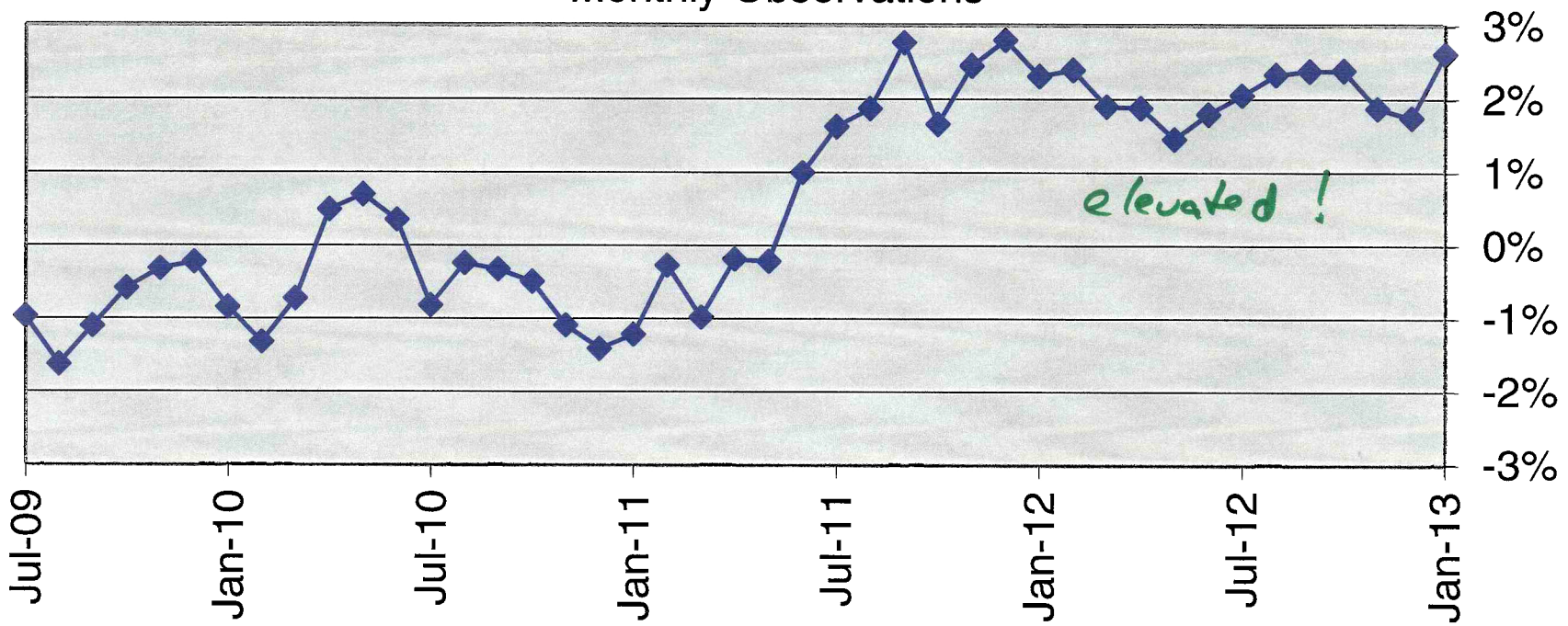
and  
Total Plan  
Level

5

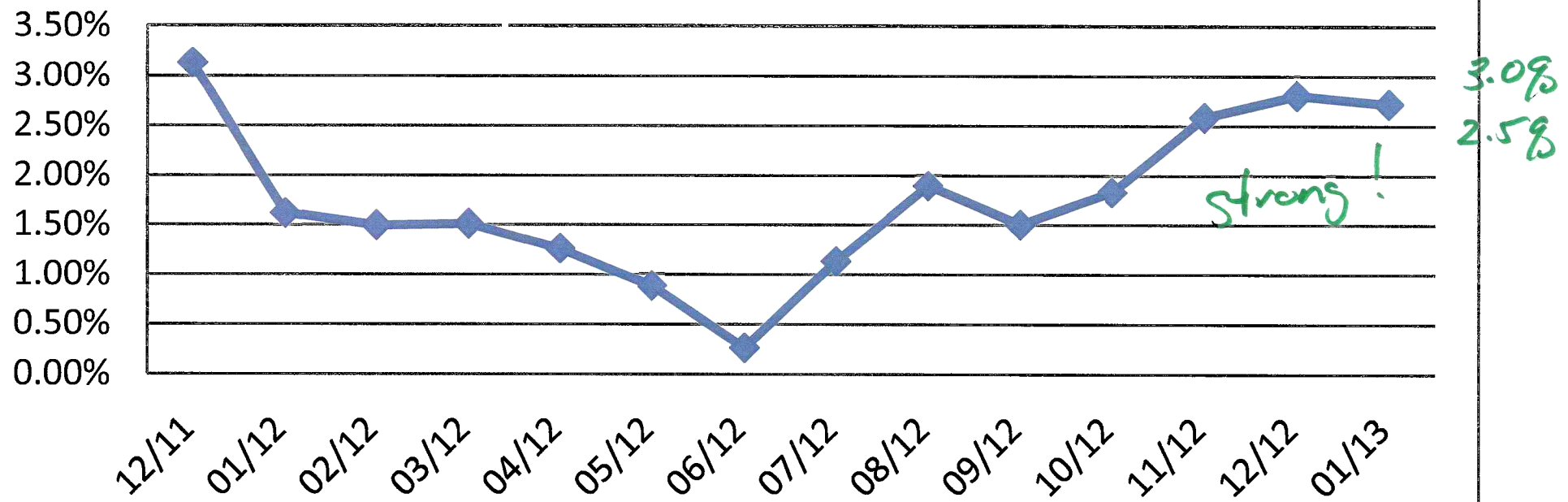
Dodge & Cox Equity  
Rolling 3-Years Annualized Alpha  
Monthly Observations



Delaware  
Rolling 3-Years Annualized Alpha  
Monthly Observations

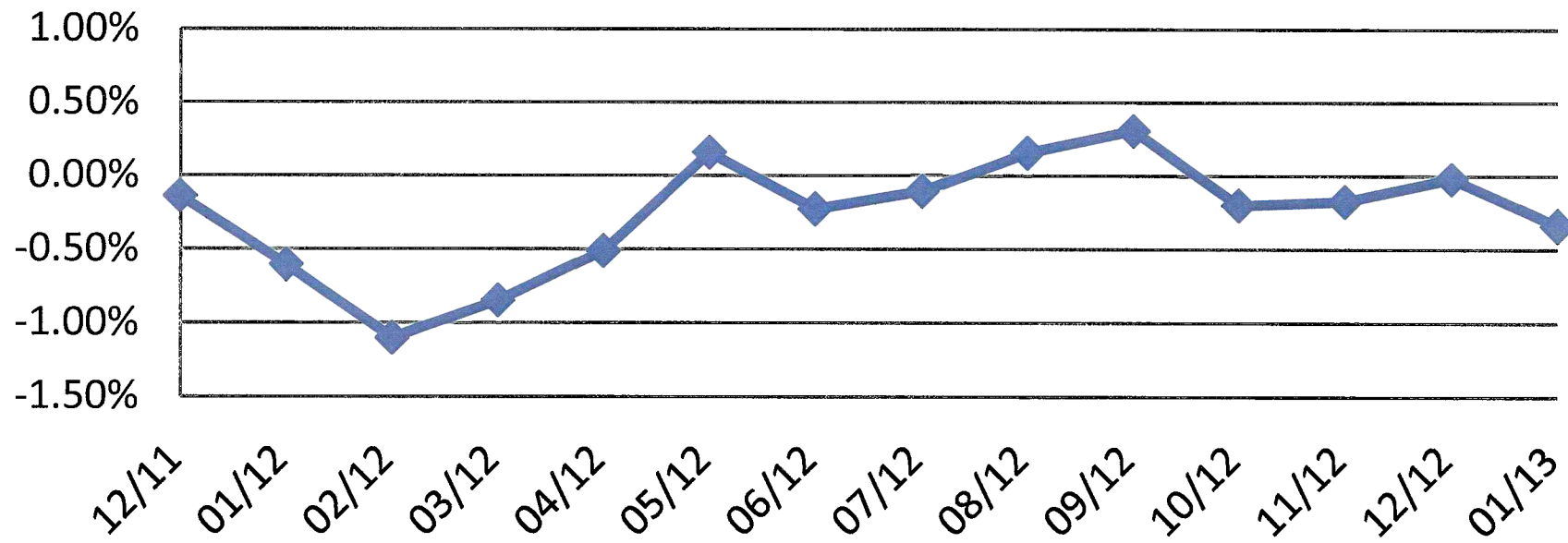


Capital Prospects  
Rolling 3-Year  
Alphas  
Monthly Observations

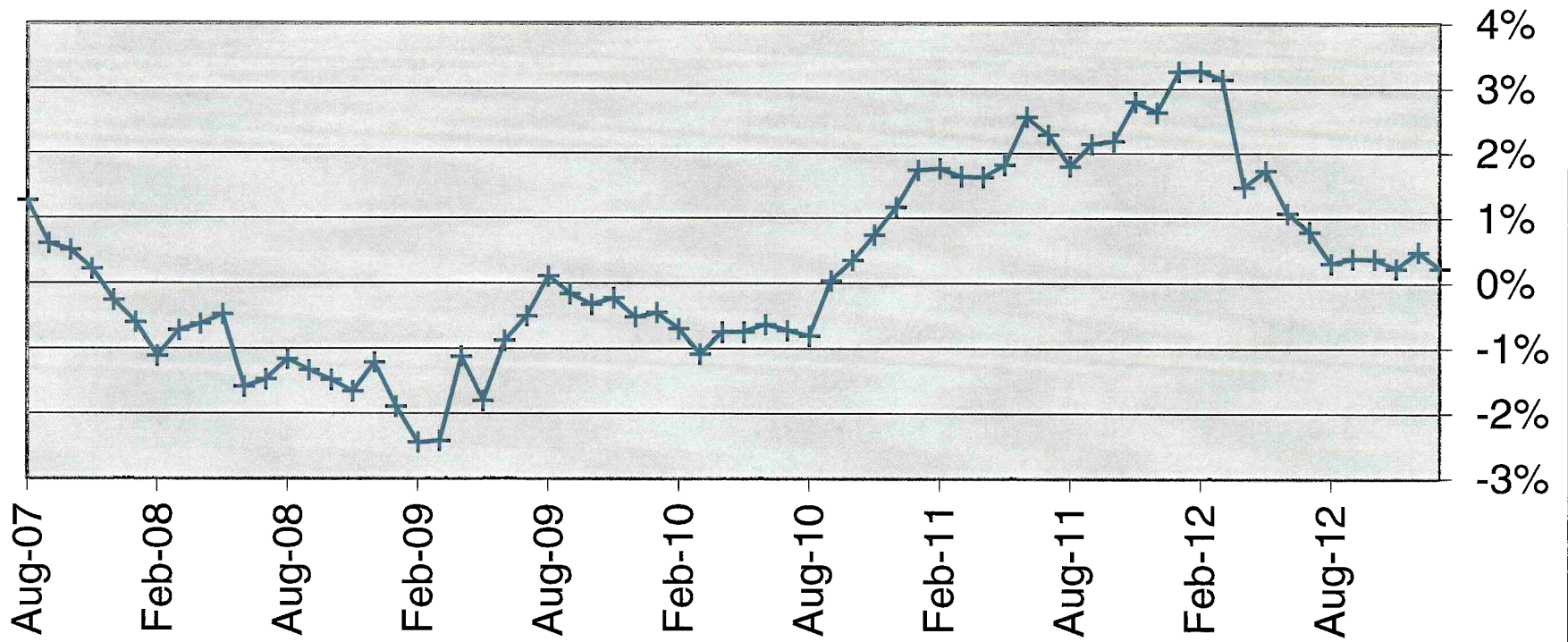




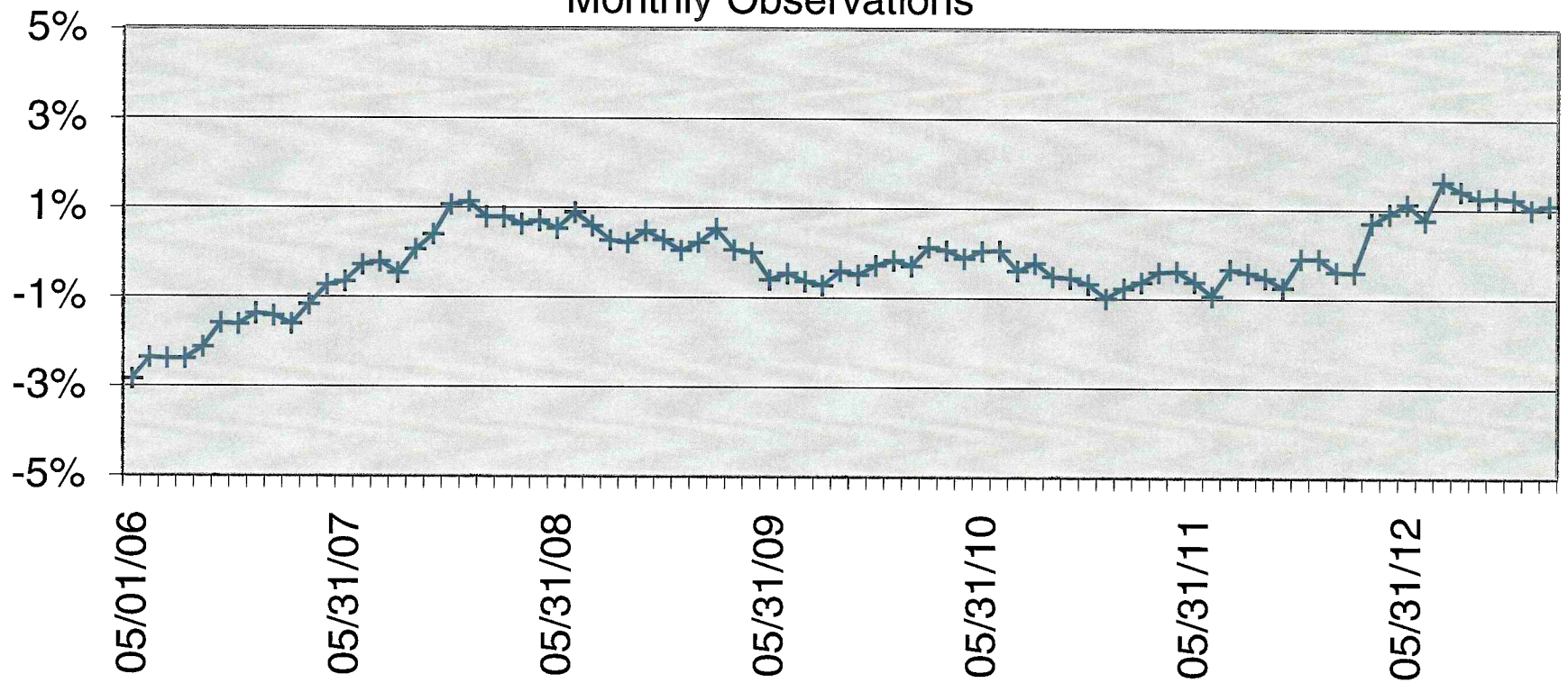
Legato Rolling  
3-Year Alphas  
Annualized  
Monthly Observations



LSV  
Rolling 3-Years Annualized Alpha  
Monthly Observations



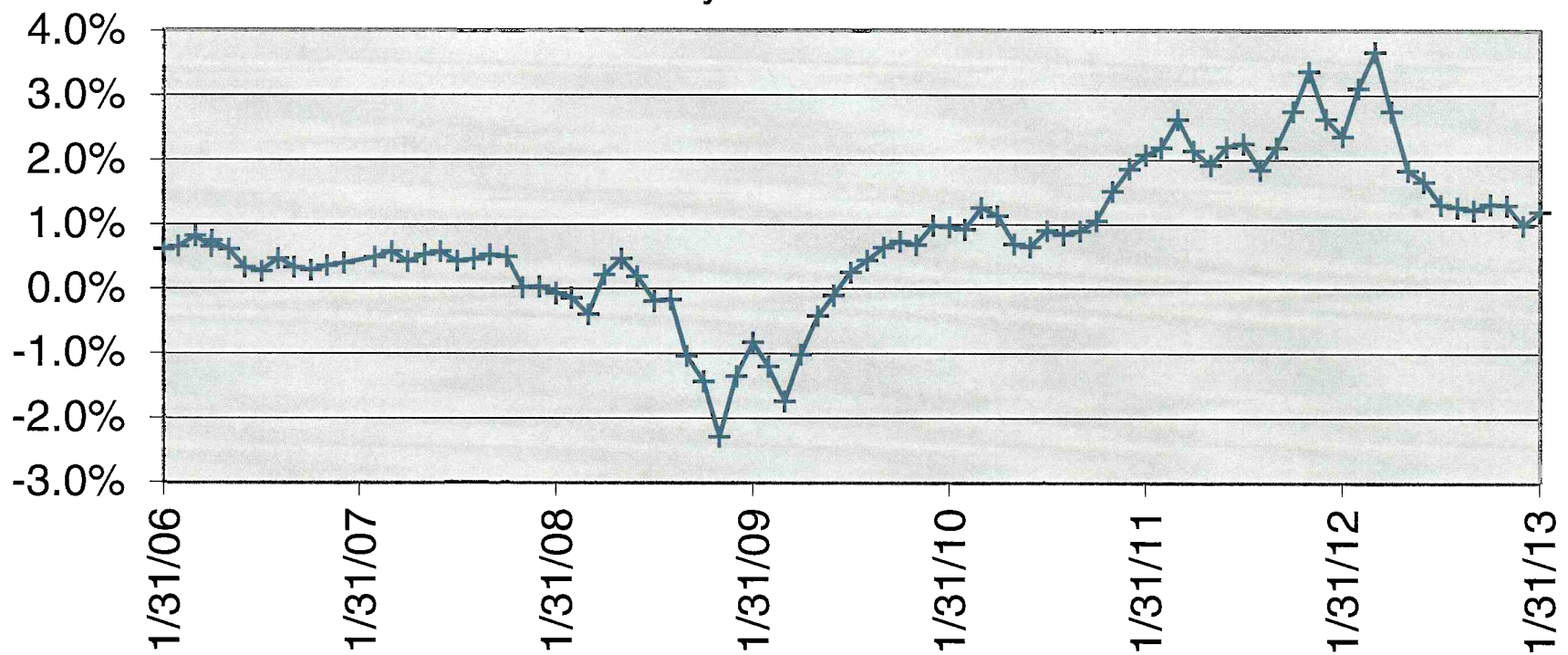
Pyramis (May 2006)  
Rolling 3-Years Annualized Alpha  
Monthly Observations



1%

//

Dodge & Cox Fixed Income  
Rolling 3-Year Alphas Annualized  
Monthly Observations



1%

12



**StanCERA Manager Review List**  
Performance Through December 31, 2012

2/26/13  
Item # 8.c

Returns are Gross of Fees

		Expected Manager		6 Month	12 Month	Annualized	Annualized	Peer	Peer	Manager		
		Tracking Error	Benchmark	Alpha >	Alpha >	Alpha	Alpha	Ranking	Ranking	in Compliance	Organization	
Manager Name	Status	(bps)		-1 St. Dev	-1 St. Dev	3 Years	5 Years	3 Years	5 Years	with	Personnel	Adherence
										Guidelines	Continuity	to Style
Domestic Equity												
Dodge & Cox (Lg Cap Value)	Good Standing	600	R1000V	Yes	Yes	-40	30	44	71	Yes	Yes	Yes
BlackRock (Passive Lg Cap Value)	Good Standing	0	R1000V	Yes	Yes	N/A	N/A	N/A	N/A	Yes	Yes	Yes
Delaware (Lg Cap Growth)	Good Standing	500	R1000G	Yes	Yes	210	70	7	23	Yes	Yes	Yes
BlackRock (Passive Lg Cap Growth)	Good Standing	0	R1000G	Yes	Yes	N/A	N/A	N/A	N/A	Yes	Yes	Yes
Mellon Capital (Passive SP 500)	Good Standing	0	S&P 500	Yes	Yes	0	0	11	38	Yes	Yes	Yes
Capital Prospects (Sm Cap Value)	Good Standing	400	R2000V	Yes	Yes	340	N/A	21	N/A	Yes	Yes	Yes
Legato (Small Cap Growth)	Good Standing	400	R2000G	Yes	Yes	80	N/A	59	N/A	Yes	Yes	Yes
International Equity												
LSV Asset	Good Standing	600	MSCI ACWI ex US	Yes	Yes	70	30	57	67	Yes	Yes	Yes
Pyramis	Good Standing	400	MSCI ACWI ex US	Yes	Yes	120	0	65	68	Yes	Yes	Yes
REITS												
BlackRock (Passive US Real Estate Securities)	Good Standing	0	DJ US Select RESI	N/A	N/A	N/A	N/A	N/A	N/A	Yes	Yes	Yes
Fixed Income												
Dodge & Cox	Good Standing	300	Barclays Aggregate	Yes	Yes	110	170	40	15	Yes	Yes	Yes
PIMCO	Good Standing	100	Barclays Aggregate	Yes	Yes	N/A	N/A	N/A	N/A	Yes	Yes	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

Dodge & Cox (Equity) 3-yr alpha of -20 an improvement from -40 and 5-yr alpha of +30 unchanged from +30 one-quarter ago.

**Recommend keeping Dodge & Cox Equity in "Good Standing" as trend is improving.**

PIMCO hired Q2-2010. Above benchmark performance since hired (+130 bps since inception annualized).

2/26/13  
Item # 8.d

STANCERA  
Price Monitor Position Report

BlackRock  
Passive Large Cap Growth Manager  
Positions as of January 31, 2013

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	1/31/2013 \$ PX	2/19/2103 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	9,615	\$4,354,018	5.72%	0.29%	452.85	459.99	1.58%	-0.31%
INTL Business Machines	IBM	10,916	\$2,207,456	2.90%	0.15%	202.22	200.32	-0.94%	-2.83%
Microsoft Corp.	MSFT	78,580	\$2,138,949	2.81%	0.14%	27.22	28.05	3.05%	1.16%
Google Inc.	GOOG	2,800	\$2,116,113	2.78%	0.14%	755.69	806.85	6.77%	4.88%
Coca-Cola Co.	KO	39,858	\$1,484,324	1.95%	0.10%	37.24	37.67	1.15%	-0.74%
Philip Morris Intl.	PM	16,405	\$1,446,265	1.90%	0.10%	88.16	91.31	3.57%	1.68%
Oracle Corp	ORCL	38,585	\$1,370,145	1.80%	0.09%	35.51	35.40	-0.31%	-2.20%
Verizon Communications	VZ	29,324	\$1,278,802	1.68%	0.08%	43.61	44.50	2.04%	0.15%
Pepsico Inc.	PEP	16,405	\$1,195,071	1.57%	0.08%	72.85	75.50	3.64%	1.75%
Qualcomm Inc.	QCOM	17,295	\$1,141,788	1.50%	0.08%	66.02	65.67	-0.53%	-2.42%
TOP TEN HOLDINGS			\$18,732,932	24.61%	1.24%	Russell 1000 Growth:		1.89%	

Total Portfolio Value  
Total StanCERA Value

<b>\$76,119,188</b>
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\$1,512,566,982

STANCERA  
Price Monitor Position Report

BlackRock  
Passive Large Cap Value Manager  
Positions as of January 31, 2013

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	1/31/2013 \$ PX	2/19/2103 \$ PX	Position % Change	Relative % Change
EXXON MOBIL CORP	XOM	55,470	\$4,959,058	5.11%	0.33%	89.40	88.97	-0.48%	-3.20%
GENERAL ELECTRIC CO	GE	134,157	\$2,989,022	3.08%	0.08%	22.28	23.75	6.60%	3.88%
CHEVRON CORP	CVX	23,782	\$2,717,292	2.80%	0.08%	114.26	115.92	1.45%	-1.27%
AT&T INC	T	71,411	\$2,484,382	2.56%	0.16%	34.79	35.67	2.53%	-0.19%
PFIZER INC	PFE	90,358	\$2,464,972	2.54%	0.16%	27.28	27.71	1.58%	-1.14%
PROCTER & GAMBLE CO	PG	30,989	\$2,329,108	2.40%	0.15%	75.16	77.38	2.95%	0.23%
JPMORGAN CHASE & CO	JPM	47,440	\$2,232,062	2.30%	0.06%	47.05	49.45	5.10%	2.38%
BERKSHIRE HATHAWAY INC	BRK/B	22,026	\$2,135,015	2.20%	0.06%	96.93	101.02	4.22%	1.50%
WELLS FARGO & CO	WFC	58,791	\$2,047,674	2.11%	0.06%	34.83	35.14	0.89%	-1.83%
JOHNSON & JOHNSON	JNJ	26,257	\$1,940,923	2.00%	0.13%	73.92	76.96	4.11%	1.39%
TOP TEN HOLDINGS			\$26,299,507	27.10%	1.29%	Russell 1000 Value		<b>2.72%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$97,046,153</b>
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\$1,512,566,982

STANCERA  
Price Monitor Position Report

Capital Prospects  
Active US Small Cap Value Manager  
Positions as of January 31, 2013

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000V	1/31/2013 \$ PX	2/19/2103 \$ PX	Position % Change	Relative % Change
Hillenbrand, Inc	HI	50,400	\$1,247,403	1.63%	0.08%	0.11%	24.75	24.96	0.85%	-2.62%
Regal Beloit Corp	RBC	14,762	\$1,094,747	1.43%	0.07%	0.00%	74.16	80.57	8.64%	5.17%
Belden Inc	BDC	21,780	\$1,048,720	1.37%	0.07%	0.17%	48.15	50.93	5.77%	2.30%
Hanesbrands Inc	HBI	24,995	\$936,799	1.22%	0.06%	0.00%	37.48	39.69	5.90%	2.43%
Gulfport Energy Corp	GPOR	22,688	\$936,338	1.22%	0.06%	0.22%	41.27	39.37	-4.60%	-8.07%
Polyone Corporation	POL	39,353	\$859,474	1.12%	0.06%	0.15%	21.84	23.50	7.60%	4.13%
The Brink's Co	BCO	28,485	\$849,424	1.11%	0.06%	0.11%	29.82	26.77	-10.23%	-13.70%
Littelfuse, Inc	LFUS	13,027	\$831,397	1.08%	0.05%	0.11%	63.82	68.85	7.88%	4.41%
PHH Corp	PHH	36,217	\$792,428	1.03%	0.05%	0.10%	21.88	22.16	1.28%	-2.19%
Meredith	MDP	21,484	\$779,003	1.02%	0.05%	0.10%	36.26	43.40	19.69%	16.22%
TOP TEN HOLDINGS			\$9,375,734	12.22%	0.62%	1.07%	Russell 2000 Value:		<b>3.47%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$76,711,315</b>
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\$1,512,566,982

## STANCERA

## Price Monitor Position Report

Delaware Investments Advisers  
 Active Large Cap Growth Portfolio  
 Positions as of January 31, 2013

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000G	1/31/2013 \$ PX	2/19/2103 \$ PX	Position % Change	Relative % Change
EOG Resources Inc.	EOG	54,950	\$6,867,651	5.35%	0.45%	0.46%	124.98	131.40	5.14%	3.25%
Visa Inc.	V	43,400	\$6,853,294	5.34%	0.45%	1.12%	157.91	157.61	-0.19%	-2.08%
QUALCOMM Inc.	QCOM	97,100	\$6,410,542	4.99%	0.42%	1.54%	66.02	65.67	-0.53%	-2.42%
Crown Castle International Corp.	CCI	89,350	\$6,300,962	4.91%	0.42%	0.28%	70.52	67.04	-4.93%	-6.82%
MasterCard Inc. CI A	MA	12,100	\$6,272,640	4.89%	0.41%	0.76%	518.40	522.86	0.86%	-1.03%
Allergan Inc.	AGN	57,400	\$6,027,574	4.70%	0.40%	0.43%	105.01	109.08	3.88%	1.99%
Kinder Morgan Inc.	KMI	154,990	\$5,805,925	4.52%	0.38%	0.25%	37.46	37.42	-0.11%	-2.00%
Apple Inc.	AAPL	12,575	\$5,727,787	4.46%	0.38%	5.78%	455.49	459.99	0.99%	-0.90%
Intuit Inc.	INTU	77,700	\$4,846,926	3.78%	0.32%	0.25%	62.38	62.21	-0.27%	-2.16%
Liberty Interactive Corp. Interactive Series A	LINTA	226,775	\$4,821,237	3.76%	0.32%	0.02%	21.26	21.70	2.07%	0.18%
TOP TEN HOLDINGS			\$59,934,538	46.70%	3.96%	10.89%	Russell 1000 Growth:		<b>1.89%</b>	

Total Portfolio Value

**\$128,350,006**

Total StanCERA Value

\$1,512,566,982

STANCERA  
Price Monitor Position Report

Dodge & Cox Equity  
Active US Large Cap Value Manager  
Positions as of January 31, 2013

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R1000V	1/31/2013 \$ PX	2/19/2103 \$ PX	Position % Change	Relative % Change
COMCAST CORP-CLASS A	CMCSA	157,863	\$6,011,423	3.81%	0.40%	0.70%	38.08	41.45	8.85%	6.13%
WELLS FARGO & CO	WFC	160,072	\$5,575,307	3.53%	0.37%	2.10%	34.83	35.14	0.89%	-1.83%
MERCK & CO. INC.	MRK	122,500	\$5,298,125	3.36%	0.35%	1.70%	43.25	42.22	-2.38%	-5.10%
CAPITAL ONE FINANCIAL CORP	COF	92,500	\$5,209,600	3.30%	0.34%	0.40%	56.32	53.12	-5.68%	-8.40%
GENERAL ELECTRIC CO	GE	230,000	\$5,124,400	3.25%	0.34%	3.00%	22.28	23.75	6.60%	3.88%
SANOFI-ADR	SNY	98,255	\$4,783,053	3.03%	0.32%	-	48.68	49.69	2.07%	-0.65%
TIME WARNER INC	TWX	93,532	\$4,725,236	2.99%	0.31%	0.60%	50.52	53.79	6.47%	3.75%
NOVARTIS AG-ADR	NVS	67,000	\$4,543,940	2.88%	0.30%	-	67.82	69.64	2.68%	-0.04%
MICROSOFT CORP	MSFT	165,000	\$4,532,550	2.87%	0.30%	-	27.47	28.05	2.11%	-0.61%
GLAXOSMITHKLINE PLC-SPON ADR	GSK	95,000	\$4,332,950	2.75%	0.29%	-	45.61	45.98	0.81%	-1.91%
TOP TEN HOLDINGS			\$50,136,584	31.77%	3.31%	8.50%	Russell 1000 Value:		<b>2.72%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$157,800,188**  
\$1,512,566,982

STANCERA  
Price Monitor Position Report

Legato Capital Management  
Active US Small Cap Growth Manager  
Positions as of January 31, 2013

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight R2000G	1/31/2013 \$ PX	2/19/2103 \$ PX	Position % Change	Relative % Change
ULTIMATE SOFTWARE GROUP INC	ulti	10,001	\$1,015,501.54	1.53%	0.07%	0.44%	101.54	95.88	-5.57%	-8.80%
UNITED NATURAL FOODS INC	unfi	15,017	\$810,617.66	1.22%	0.05%	0.43%	53.98	54.68	1.30%	-1.93%
BEACON ROOFING SUPPLY INC	becn	20,410	\$737,617.40	1.11%	0.05%	0.27%	36.14	38.80	7.36%	4.13%
TRIUMPH GROUP INC	tgi	10,259	\$721,925.83	1.09%	0.05%	--	70.37	74.05	5.23%	2.00%
COSTAR GROUP INC	csgp	7,434	\$697,160.52	1.05%	0.05%	0.43%	93.78	97.29	3.74%	0.51%
PORTFOLIO RECOVERY ASSOCIATES II	praa	6,411	\$685,656.45	1.03%	0.05%	0.30%	106.95	117.36	9.73%	6.50%
ENCORE CAPITAL GROUP INC.	ecpg	22,337	\$672,120.33	1.01%	0.04%	0.08%	30.09	32.36	7.54%	4.31%
SEMTECH CORP	smtc	22,082	\$665,993.12	1.00%	0.04%	0.32%	30.16	31.70	5.11%	1.88%
LKQ CORP	lkq	29,690	\$664,759.10	1.00%	0.04%	--	22.39	22.41	0.09%	-3.14%
DEALERTRACK HOLDINGS INC.	trak	20,042	\$632,926.36	0.95%	0.04%	0.19%	31.58	33.41	5.79%	2.56%
TOP TEN HOLDINGS			\$ 7,304,278.31	11.01%	0.48%	2.46%	Russell 2000 Growth:		<b>3.23%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$66,369,551</b>
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\$1,512,566,982

STANCERA  
Price Monitor Position Report

BNY - S&P 500 Index  
Passive S&P 500 Index Fund  
Positions as of January 31, 2013

Company	Symbol	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	1/31/2013 \$ PX	2/19/2103 \$ PX	Position % Change	Relative % Change
Apple Inc.	AAPL	5,455	\$2,470,291	3.16%	0.16%	452.85	459.99	1.58%	-0.79%
Exxon Mobil Corp	XOM	26,058	\$2,329,578	2.98%	0.15%	89.40	88.97	-0.48%	-2.85%
General Electric Co	GE	63,858	\$1,422,762	1.82%	0.09%	22.28	23.75	6.60%	4.23%
Chevron Corp	CVX	11,357	\$1,297,684	1.66%	0.09%	114.26	115.92	1.45%	-0.92%
Intl Business Machines Corp	IBM	6,069	\$1,227,328	1.57%	0.08%	202.22	200.32	-0.94%	-3.31%
Microsoft	MSFT	44,802	\$1,219,511	1.56%	0.08%	27.22	28.05	3.05%	0.68%
Google Inc.	GOOG	1,614	\$1,219,511	1.56%	0.08%	755.69	806.85	6.77%	4.40%
Johnson & Johnson	JNJ	16,392	\$1,211,693	1.55%	0.08%	73.92	76.96	4.11%	1.74%
Procter & Gamble	PG	16,122	\$1,211,693	1.55%	0.08%	75.16	77.38	2.95%	0.58%
Pfizer	PFE	42,698	\$1,164,789	1.49%	0.08%	27.28	27.71	1.58%	-0.79%
TOP TEN HOLDINGS			\$14,774,840	18.90%	0.98%	S&P 500 Index:		<b>2.37%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$78,173,756</b>
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\$1,512,566,982



STANCERA  
Price Monitor Position Report

LSV Asset Management  
International Large Cap Value  
Positions as of January 31, 2013

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	1/31/2013 \$ PX*	2/19/2103 \$ PX*	Position % Change	Relative % Change
ROYAL DUTCH SHELL	RDS/A	London	49,007	\$3,411,856	2.54%	0.23%	1.39%	69.62	66.58	-4.37%	-4.79%
SANOFI S.A.	SNY	Paris	60,982	\$2,968,583	2.21%	0.20%	0.71%	48.68	49.69	2.07%	1.65%
CHINA PETROLEUM & CHEMICAL CORP	SNP	Hong Kong	17,475	\$2,122,336	1.58%	0.14%	0.12%	121.45	113.14	-6.84%	-7.26%
ASTRAZENECA PLC	AZN	London	43,855	\$2,028,308	1.51%	0.13%	0.37%	46.25	45.67	-1.25%	-1.67%
ALLIANZ SE	ALV.DE	Germany	18,871	\$1,988,011	1.48%	0.13%	0.40%	105.35	105.35	0.00%	-0.42%
BASF SE	BAS.DE	Germany	26,268	\$1,961,146	1.46%	0.13%	0.57%	74.66	73.79	-1.17%	-1.59%
ENI - ENTE NAZIONALE IDROCARBURI	ENI	Chile	95,702	\$1,880,551	1.40%	0.12%	0.39%	19.65	19.60	-0.25%	-0.67%
OLD MUTUAL PLC	OML.L	London	9,390	\$1,759,658	1.31%	0.12%	0.09%	187.40	200.40	6.94%	6.52%
BT GROUP PLC	BT	London	42,891	\$1,692,495	1.26%	0.11%	0.19%	39.46	42.76	8.36%	7.94%
BANK OF CHINA LIMITED	BACHY	Hong Kong	136,509	\$1,679,063	1.25%	0.11%	0.23%	12.30	11.99	-2.52%	-2.94%
TOP TEN HOLDINGS				\$21,492,006	16.00%	1.42%	4.46%	MSCI ACWI ex-U.S.		<b>0.42%</b>	

Total Portfolio Value  
Total StanCERA Value

<b>\$134,325,039</b>
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\$1,512,566,982

\*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, 2013

Company	Symbol	Market	# Shares	\$ Value Position	Weight Manager	Weight StanCERA	Weight ACWI xUS	1/31/2013 PX*	2/19/2103 PX*	Position % Change	Relative % Change
NESTLE SA (REG)	7123870	Switzerland	31619	\$2,219,060	1.59%	0.15%	1.36%	70.45	69.39	-1.50%	-1.92%
ROYAL DUTCH SHELL PLC CL A(NL)	B09CBL4	Amsterdam	59118	\$2,095,243	1.50%	0.14%	1.38%	25.71	24.81	-3.50%	-3.92%
SANOFI	5671735	Paris	19605	\$1,912,326	1.37%	0.13%	0.70%	25.10	25.10	0.00%	-0.42%
ROCHE HLDGS GENUSSSCHEINE	7110388	Swiss	6931	\$1,533,117	1.10%	0.10%	0.93%	222.20	227.20	2.25%	1.83%
HSBC HOLDINGS PLC (UK REG)	540528	London	130516	\$1,483,043	1.06%	0.10%	1.25%	11.30	11.19	-0.97%	-1.39%
VODAFONE GROUP PLC	B16GWD5	London	531781	\$1,450,996	1.04%	0.10%	0.80%	172.10	163.50	-5.00%	-5.42%
BP PLC	798059	London	193793	\$1,434,085	1.02%	0.09%	0.84%	469.36	446.99	-4.77%	-5.19%
BAYER AG	5069211	Germany	14192	\$1,400,124	1.00%	0.09%	0.49%	98.86	96.17	-2.72%	-3.14%
SAP AG	4846288	Germany	16641	\$1,362,990	0.97%	0.09%	0.45%	81.30	80.05	-1.54%	-1.96%
BRITISH AMER TOBACCO PLC (UK)	287580	London	25600	\$1,332,488	0.95%	0.09%	0.61%	51.50	52.55	2.04%	1.62%
TOP TEN HOLDINGS				\$16,223,472	11.73%	1.07%	8.81%	MSCI ACWI ex-US:		<b>0.42%</b>	

Total Portfolio Value  
Total StanCERA Value

**\$139,913,158**  
\$1,512,566,982

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

# Value Added From

6/30/2008

12/31/2012

**\$16,035,045**

<u>Current Active Managers</u>	<u>Excess Return</u>	<u>Managerial Fees</u>	<u>Custodial Fees</u>	<u>Value Added</u>
<b>DODGE &amp; COX - LARGE CAP VALUE</b>	<b>-\$1,189,859</b>	\$1,416,610	\$41,011	<b>-\$2,647,480</b>
DELAWARE - LARGE CAP GROWTH	\$10,780,389	\$2,262,614	\$26,458	\$8,491,318
CAPITAL PROSPECTS	\$6,868,450	\$1,862,813	\$83,177	\$4,922,460
<b>Legato Capital</b>	<b>\$2,144,557</b>	<b>\$1,918,071</b>	<b>\$298,483</b>	<b>-\$71,997</b>
LSV ASSET MGMT	\$6,650,124	\$3,190,613	\$402,627	\$3,056,884
<b>Pyramis</b>	<b>\$2,812,198</b>	<b>\$2,747,964</b>	<b>\$1,711,225</b>	<b>-\$1,646,991</b>
DODGE & COX FI	\$27,547,973	\$1,908,615	\$24,536	\$25,614,822
PIMCO	\$3,329,723	\$863,919	\$45,432	\$2,420,372
<u>Active Asset Classes - Current</u>	<u>Excess Return</u>	<u>Managerial Fees</u>	<u>Custodial Fees</u>	<u>Value Added</u>
Domestic Equity	\$18,603,538	\$7,460,109	\$449,129	\$10,694,300
International Equity	<u>\$9,462,322</u>	<u>\$5,938,577</u>	<u>\$2,113,852</u>	<u>\$1,409,893</u>
Total Active Equity	\$28,065,860	\$13,398,686	\$2,562,980	\$12,104,193
Fixed Income	\$30,877,696	\$2,772,534	\$69,968	\$28,035,194
Total Alternative	\$0	\$0	\$0	\$0
Total Current Active Portfolio	\$58,943,556	\$16,171,220	\$2,632,949	\$40,139,388
<u>Terminated Active Managers</u>	<u>Excess Return</u>	<u>Managerial Fees</u>	<u>Custodial Fees</u>	<u>Value Added</u>
<b>MAZAMA - SMALL CAP GROWTH</b>	<b>-\$4,342,779</b>	\$142,341	\$1,500	<b>-\$4,486,619</b>
<b>LOOMIS SAYLES - LARGE CAP GROWTH</b>	<b>-\$10,019,839</b>	\$475,494	\$6,888	<b>-\$10,502,221</b>
<b>Invesco</b>	<b>-\$420,815</b>	\$332,519	\$89	<b>-\$753,423</b>
<b>RAFI LS</b>	<b>-\$8,362,079</b>	\$0	\$0	<b>-\$8,362,079</b>
<u>Total Active Asset Classes w/ Terminated</u>	<u>Excess Return</u>	<u>Managerial Fees</u>	<u>Custodial Fees</u>	<u>Value Added</u>
Domestic Equity	\$4,240,920	\$8,077,944	\$457,517	<b>-\$4,294,540</b>
International Equity	<u>\$9,462,322</u>	<u>\$5,938,577</u>	<u>\$2,113,852</u>	<u>\$1,409,893</u>
Total Active Equity	\$13,703,243	\$14,016,521	\$2,571,368	<b>-\$2,884,646</b>
Fixed Income	\$30,877,696	\$2,772,534	\$69,968	\$28,035,194
Total Alternative	<b>-\$8,782,894</b>	\$332,519	\$89	<b>-\$9,115,503</b>
Total Active Portfolio	\$35,798,044	\$17,121,574	\$2,641,426	\$16,035,045

Number of Months in Study Period

54

# Value Added From

9/30/2012

12/31/2012

**\$6,877,652**

<u>Current Active Managers</u>	<u>Excess Return</u>	<u>Managerial Fees</u>	<u>Custodial Fees</u>	<u>Value Added</u>
DODGE & COX - LARGE CAP VALUE	\$1,457,136	\$73,225	\$2,092	\$1,381,819
DELAWARE - LARGE CAP GROWTH	\$973,521	\$147,904	\$2,026	\$823,591
CAPITAL PROSPECTS	\$2,082,346	\$131,297	\$5,086	\$1,945,962
<b>Legato Capital</b>	<b>-\$213,410</b>	\$138,254	\$21,088	<b>-\$372,752</b>
<b>LSV ASSET MGMT</b>	<b>-\$1,044,701</b>	\$189,009	\$23,035	<b>-\$1,256,745</b>
Pyramis	\$923,204	\$160,345	\$107,241	\$655,618
DODGE & COX FI	\$3,724,037	\$113,934	\$1,355	\$3,608,748
PIMCO	\$189,535	\$93,384	\$4,741	\$91,410
<u>Active Asset Classes - Current</u>	<u>Excess Return</u>	<u>Managerial Fees</u>	<u>Custodial Fees</u>	<u>Value Added</u>
Domestic Equity	\$4,299,593	\$490,681	\$30,292	\$3,778,620
<b>International Equity</b>	<b>-\$121,497</b>	<b>\$349,354</b>	<b>\$130,276</b>	<b>-\$601,127</b>
Total Active Equity	\$4,178,097	\$840,035	\$160,568	\$3,177,494
Fixed Income	\$3,913,572	\$207,318	\$6,096	\$3,700,158
Total Alternative	\$0	\$0	\$0	\$0
Total Current Active Portfolio	\$8,091,668	\$1,047,352	\$166,664	\$6,877,652
<u>Terminated Active Managers</u>	<u>Excess Return</u>	<u>Managerial Fees</u>	<u>Custodial Fees</u>	<u>Value Added</u>
MAZAMA - SMALL CAP GROWTH	\$0	\$0	\$0	\$0
LOOMIS SAYLES - LARGE CAP GROWTH	\$0	\$0	\$0	\$0
Invesco	\$0	\$0	\$0	\$0
RAFI LS	\$0	\$0	\$0	\$0
<u>Total Active Asset Classes w/ Terminated</u>	<u>Excess Return</u>	<u>Managerial Fees</u>	<u>Custodial Fees</u>	<u>Value Added</u>
Domestic Equity	\$4,299,593	\$490,681	\$30,292	\$3,778,620
<b>International Equity</b>	<b>-\$121,497</b>	<b>\$349,354</b>	<b>\$130,276</b>	<b>-\$601,127</b>
Total Active Equity	\$4,178,097	\$840,035	\$160,568	\$3,177,494
Fixed Income	\$3,913,572	\$207,318	\$6,096	\$3,700,158
Total Alternative	\$0	\$0	\$0	\$0
Total Active Portfolio	\$8,091,668	\$1,047,352	\$166,664	\$6,877,652

Number of Months in Study Period

3

## Total Fee Breakdown

	12/31/2008	Through	12/31/2012				
Manager	Average Dollars Managed	Managerial Fees		Custodial Fees		Total Fees	
		Dollars	Annualized Basis Points	Dollars	Annualized Basis Points	Dollars	Annualized Basis Points
DODGE & COX - LARGE CAP VALUE	156,282,595	1,256,820	20.1	36,152	0.6	1,292,972	20.7
MAZAMA - SMALL CAP GROWTH	-	-	0.0	-	0.0	-	0.0
* Terminated 12/2008							
DELAWARE - LARGE CAP GROWTH	101,193,093	2,038,946	50.4	23,763	0.6	2,062,709	51.0
LOOMIS SAYLES - LARGE CAP GROWTH	61,354,927	332,707	13.6	5,166	0.2	337,873	13.8
* Terminated 6/2010							
Capital Prospects - By Manager							
Bernzott	8,366,654	260,794		11,645		272,439	
Channing	13,864,741	432,173		19,297		451,470	
InView	13,028,076	406,093		18,133		424,226	
Keeley	7,709,274	240,303		10,730		251,033	
Ten	8,127,607	253,343		11,312		264,655	
Walhausen	8,665,463	270,108		12,061		282,169	
CAPITAL PROSPECTS	59,761,815	1,862,813	77.9	83,177	3.5	1,945,990	81.4
Legato - By Manager							
CastleArk	8,540,353	316,106		49,250		365,356	
Lee Munder/Crosswinds	11,128,339	411,896		64,174		476,070	
Eudaimonia	7,246,361	268,211		41,788		309,999	
Riverbridge	12,422,332	459,791		71,636		531,427	
Stephens	12,422,332	459,791		71,636		531,427	
LEGATO CAPITAL	51,759,718	1,915,795	92.5	298,483	14.4	2,214,278	106.9
LSV ASSET MGMT	120,764,625	2,915,267	60.4	366,893	7.6	3,282,160	67.9
PYRAMIS	122,234,933	2,477,203	50.7	1,547,409	31.6	4,024,612	82.3
DODGE & COX FI	391,433,267	1,679,110	10.7	21,573	0.1	1,700,683	10.9
PIMCO	92,267,814	863,919	23.4	44,232	1.2	908,151	24.6
* Inception Date 5/2010							
INVESCO	16,564,497	315,300	47.6	79	0.0	315,379	47.6
* Terminated 7/2012							
RAFI**	15,639,561	-	0.0	-	0.0	-	0.0
* Terminated 6/2012							
STRATEGIC INVESTMENT SOLUTIONS	1,277,245,235	602,500	1.2	N/A	N/A	602,500	1.2
TOTAL	1,277,245,235	15,657,880	30.6	2,426,927	4.8	18,084,807	35.4

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

Begin Date 12/31/2008  
End Date 12/31/2012  
Months 48

## Total Fee Breakdown

6/30/2009                      Through                      6/30/2012

Manager	Average Dollars Managed	Managerial Fees		Custodial Fees		Total Fees	
		Dollars	Annualized Basis Points	Dollars	Annualized Basis Points	Dollars	Annualized Basis Points
DODGE & COX - LARGE CAP VALUE	163,916,596	972,720	19.8	29,308	0.6	1,002,028	20.4
MAZAMA - SMALL CAP GROWTH	-	-	0.0	-	0.0	-	0.0
* Terminated 12/2008							
DELAWARE - LARGE CAP GROWTH	101,531,988	1,533,304	50.3	17,554	0.6	1,550,858	50.9
LOOMIS SAYLES - LARGE CAP GROWTH	66,663,729	204,857	10.2	3,444	0.2	208,301	10.4
* Terminated 6/2010							
Capital Prospects - By Manager							
Bernzott	8,639,609	201,074		9,184		210,259	
Channing	14,317,067	333,209		15,219		348,429	
InView	13,453,106	313,102		14,301		327,403	
Keeley	7,960,783	185,276		8,463		193,738	
Ten	8,392,763	195,329		8,922		204,251	
Walhausen	8,948,167	208,256		9,512		217,768	
CAPITAL PROSPECTS	61,711,496	1,436,246	77.6	65,601	3.5	1,501,847	81.1
Legato - By Manager							
CastleArk	8,958,228	249,329		39,118		288,447	
Lee Munder/Crosswinds	11,672,842	324,883		50,972		375,855	
Eudaimonia	7,600,920	211,552		33,191		244,743	
Riverbridge	13,030,149	362,660		56,899		419,559	
Stephens	13,030,149	362,660		56,899		419,559	
LEGATO CAPITAL	54,292,289	1,511,085	92.8	237,078	14.6	1,748,164	107.3
LSV ASSET MGMT	126,289,771	2,256,000	59.5	284,169	7.5	2,540,169	67.0
PYRAMIS	127,331,478	1,906,355	49.9	1,210,055	31.7	3,116,410	81.6
DODGE & COX FI	387,279,937	1,255,935	10.8	16,147	0.1	1,272,082	10.9
PIMCO	87,868,063	677,491	25.7	34,903	1.3	712,394	27.0
* Inception Date 5/2010							
INVESCO	17,225,384	268,891	52.0	66	0.0	268,957	52.0
* Terminated 7/2012							
RAFI**	15,639,561	-	0.0	-	0.0	-	0.0
* Terminated 6/2012							
STRATEGIC INVESTMENT SOLUTIONS	1,302,015,613	451,563	1.2	N/A	N/A	451,563	1.2
TOTAL	1,302,015,613	12,022,884	30.8	1,898,326	4.9	13,921,210	35.6

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

Begin Date                      6/30/2009  
End Date                        6/30/2012  
Months                            36

# Total Fee Breakdown

9/30/2012 Through 12/31/2012

Manager	Average Dollars Managed	Managerial Fees		Custodial Fees		Total Fees	
		Dollars	Annualized Basis Points	Dollars	Annualized Basis Points	Dollars	Annualized Basis Points
DODGE & COX - LARGE CAP VALUE	140,291,968	73,225	20.9	2,092	0.6	75,317	21.5
MAZAMA - SMALL CAP GROWTH	-	-	0.0	-	0.0	-	0.0
* Terminated 12/2008							
DELAWARE - LARGE CAP GROWTH	118,857,143	147,904	49.8	2,026	0.7	149,930	50.5
LOOMIS SAYLES - LARGE CAP GROWTH	-	-	0.0	-	0.0	-	0.0
* Terminated 6/2010							
Capital Prospects - By Manager							
Bernzott	9,370,247	18,382		712		19,094	
Channing	15,527,837	30,461		1,180		31,641	
InView	14,590,813	28,623		1,109		29,732	
Keeley	8,634,013	16,937		656		17,593	
Ten	9,102,525	17,856		692		18,548	
Walhausen	9,704,898	19,038		737		19,776	
CAPITAL PROSPECTS	66,930,333	131,297	78.5	5,086	3.0	136,383	81.5
Legato - By Manager							
CastleArk	9,842,932	22,812		3,480		26,291	
Lee Munder/Crosswinds	12,825,638	29,725		4,534		34,259	
Eudaimonia	8,351,578	19,356		2,952		22,308	
Riverbridge	14,316,991	33,181		5,061		38,242	
Stephens	14,316,991	33,181		5,061		38,242	
LEGATO CAPITAL	59,654,131	138,254	92.7	21,088	14.1	159,342	106.8
LSV ASSET MGMT	123,115,591	189,009	61.4	23,035	7.5	212,044	68.9
PYRAMIS	128,864,949	160,345	49.8	107,241	33.3	267,586	83.1
DODGE & COX FI	424,809,857	113,934	10.7	1,355	0.1	115,289	10.9
PIMCO	111,747,649	93,384	33.4	4,741	1.7	98,125	35.1
* Inception Date 5/2010							
INVESCO	-	-	0.0	-	0.0	-	0.0
* Terminated 7/2012							
RAFI**	-	-	0.0	-	0.0	-	0.0
* Terminated 6/2012							
STRATEGIC INVESTMENT SOLUTIONS	1,451,286,048	38,438	1.1	N/A	N/A	38,438	1.1
TOTAL	1,451,286,048	1,047,352	28.9	166,664	4.6	1,214,016	33.5

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

Begin Date 9/30/2012  
End Date 12/31/2012  
Months 3